



Daily Report

LAST ISSUE

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LAST ISSUE

Latin America

FBIS-LAT-96-138
Wednesday
17 July 1996

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Daily Report

Latin America

FMS-LAT-96-138

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**Inter-American Affairs: Rio Group on Visa
Revocation**

PA1607220396 Santa Fe de Bogota EL TIEMPO
in Spanish 16 Jul 96

[Received via Internet]

[FBIS Translated Text] The countries that make up the Rio Group — Argentina, Bolivia, Brazil, Chile, Ecuador, Guatemala, Mexico, Nicaragua, Paraguay, Peru, Trinidad and Tobago, Uruguay, Venezuela, and Colombia — yesterday issued a communique "regretting and voicing their deep concern" about the U.S. Government's decision to revoke President Ernesto Samper Pizano's visa.

The Foreign Relations Ministry's Press Office yesterday released the communique to the media.

Even though the headline of the communique reads "draft communique," a Foreign Ministry spokesman said that the text of the communique was approved by the governments of the member states.

The text of the communique reads as follows:

Draft Communique

Consolidated — Pro Tempore Secretariat [as published]

The governments of the member countries of the Permanent Consultation and Political Consensus Mechanism (Rio Group) regret and voice their deep concern about the measure the government of the United States of America made to revoke the entry visa of Colombia's constitutional president.

The Rio Group believes that this attitude fails to contribute to consolidating a climate of mutual trust and stability, which are essential for the effectiveness of the fight against drugs.

The member countries of the Rio Group continue to be firmly committed to the fight against drug trafficking

as part of the commitments our governments made in the valid accords and agreements on the matter, strictly respecting the principles that steer international coexistence and according to the OAS Charter, particularly regarding the obligation all states have not to intervene in the domestic affairs of others.

Within this framework, the Rio Group cordially invites the governments of Colombia and the United States of America to continue holding talks for the benefit of both parties and for that of the region." [no opening quotation mark as published]

Meanwhile, Mariano Fernandez, Chilean assistant foreign relations secretary, yesterday described as a "completely inadequate procedure" the U.S. Government's decision to revoke Colombian President Samper's visa for having alleged drug trafficking ties.

He admitted that, even though there are sovereign decisions, such as, in this case, not granting a visa to an individual, "there is no doubt that when we are dealing with the chief of state of a friendly country, we are indeed complicating relations between the two countries."

Fernandez affirmed that the Chilean Government is interested in making relations between the United States and Colombia "work properly, because they are significant for all hemispheric relations, since we have already faced a process in the midst of this extraordinarily good climate."

The assistant secretary pointed out that the recently approved Helms-Burton law, which, by toughening the embargo on Cuba, intends to punish third countries with such measures as the one taken on 11 July by the administration of Bill Clinton against Samper, "brings forth elements that are not good for all the region's relations."

According to this decision, lawsuits against companies, which according to the text of the legislation, "traffic" with properties nationalized in Cuba after 1959 would not begin until next year, after the presidential elections are over.

According to Robaina, the United States is now trying to "make a circle square or make a square round," something as absurd as the source of the Helms-Burton law itself, which — he predicted — will continue to generate inconsistencies and illogical moves for as long as it lasts.

As a Cuban popular saying goes, he said, this is an attempt to "be on good terms with both God and the devil."

In this regard and in this same order, he mentioned the U.S. trade partners (Canada, Mexico, the EU and Japan) on one side, and on the other, "the so-called Cuban-American mafia" and ultra-rightist congressional members, namely, all the interests involved in the "U.S. electoral circus," he indicated.

Robaina pointed out: "The only thing we have seen today is that the supreme empire has granted the world a respite not to violate its sovereignty for a period of six months."

He believes that no one should be pleased with this and "today, the world does not have to thank the United States for giving a new grace period to the principle of sovereignty, which it has already trampled on quite a bit."

The Cuban foreign minister criticized the intention of imposing on Cuba a political and economic organization, as well as the attempts to humiliate those who do not bow to actions to meddle in the island, against which the White House maintains a glaring hostility.

In addition, he derided what he described as "an attempt to create a holy alliance against his country in allusion to the U.S. Administration's goal to use these six months to seek the support of other nations for its interventionism in Cuba.

It is evident that the same world that has rejected acts of aggression against Cuba over the years and challenged, without being asked to, the flagrant violation of the island's sovereignty will not support the United States now in this new interventionist endeavor, he pointed out.

Robaina downplayed what he deemed as "ridiculous electoral rhetoric" as he referred to the arguments used by the United States to criticize the Cuban democratic system and the respect for human rights in the island.

Neither today's announcement nor such arguments will halt the national development strategy or the process of reforms begun 37 years ago, and neither will they dissuade the Cuban people from pursuing their socialist choice and their decision to fully exercise their right to self-determination, independence and sovereignty, he remarked.

There are and there will continue to be negative effects for the Cuban economy, he admitted, but the country will overcome them and will also keep tabs of the damages to file action against the culprits if necessary and at the right time.

At least, Robaina concluded, something is clear: Cuba continues to be a country of daring people, a country that has also the charm of the [item ends in progress]

Cuba: Lage on Cuban Economic Model, Helms-Burton Law

PA1607120996 Havana PRENSA LATINA in Spanish
0419 GMT 13 Jul 96

[Report by Elsy Fors]

[FBIS Translated Text] Havana, 13 Jul (PL) — Vice president Carlos Lage has described the economic model followed by Cuba as a mixed economy, with property being predominantly state-owned.

Lage made a special appearance before the Conference of Parliaments for the Sovereignty and Integration of Latin American and the Caribbean held in the assembly rooms of the Hotel Nacional in Havana with the participation of hundreds of Cuban and Latin American deputies.

The high-ranking Cuban official stated that there is no doubt that state-owned properties must be preserved to continue a chosen socialist plan based on social justice.

Lage explained that despite the state's predominance, room has been made for individual, private, cooperative, and foreign joint-venture activities.

We know that the state is not perceived as an efficient administrator in many countries; however, technological advances have caused a divorce between production and management, and production has become a science, Lage said. "Owners of production are not always the property owners," Lage pointed out.

In that regard, the Cuban state could have a board of directors of nearly 11 million stockholders, which is equal to the entire Cuban population, Lage said.

Regarding financial measures taken by the government to reduce excess money in circulation and to increase public income, Lage referred to taxes.

We lived without taxes for over 30 years, a tax culture does not exist in Cuba. In Cuba, 80 percent of the population own their own homes which they acquired because of the revolution, although there is overcrowding, a shortage of homes, and many homes need to be repaired, Lage said.

That is, most of the population does not pay rent because it owns its own home and it does not currently pay taxes, because a fundamental part of the tax system includes state-owned companies, cooperatives, and foreign capital companies, including the self-employed sector. Tax measures have not been extended to include the workers' groups.

Currently, we have only created the administrative part of the tax system and trained its personnel in Cuba and in foreign countries, Lage explained. We have begun to implement certain taxes, and other taxes will have to be created if the country's situation allows for taxation, and if salaries increase.

Lage recalled that in 1993 there had been an increase in salaries. However, this increase only occurred in the sectors that first emerged from the crisis during the country's recovery.

We expect the supply side of this market, governed by the laws of supply and demand, to grow, with an appropriate tax system, and we hope to improve the controlled distribution of low-priced products.

Our policy is not to abandon controlled distribution, Lage affirmed. He added that even when there is a supply shortage, the policy guarantees that the entire population will be able to purchase a specific amount of food.

Vice President Carlos Lage explained that Cuba sustained a 7 percent growth rate in the 1st semester, although the annual growth forecast will remain at 5 percent.

Lage explained that the first half of the year coincides with the end of the sugar harvest, the country's main activity, and therefore, a moderate increase in the Gross Domestic Product (GDP) is expected in the second half of 1996.

Referring to the importance of the sugar industry in future development plans, Lage emphasized that although 500,000 individuals work in the sugar industry, its recovery affects two million persons, if other sugar-related areas are included.

In addition to Cuba's accumulated experience in the production of sugar, the island has a diversified market which can absorb between six to seven tons of sugar. The demand is neither as great as the Soviet Union's

demand, nor does it pay preferential prices, but it allows us to foresee that the sugar industry will continue to be important to the Cuban economy for at least another few years.

The vice president said that in the future the tourism industry will become Cuba's most important activity and future development should rest in that industry during coming years.

Moreover, Lage emphasized that Cuba will reach a record nickel production of 50,000 tons, a 40 percent increase compared to last year.

We are optimistic and encouraged because of the nature of the recovery process. We have begun to see the recovery, and the results of the measures taken, an indication that we implemented the correct policy.

Following a 40 percent growth in tourism, 25 percent growth in tobacco production, and 22 percent growth in agricultural production, "we can state that the trend of the first semester has continued even after the U.S. approval of the Helms-Burton law," Lage said.

Four Months Later

Evaluating what has occurred after 12 March, when the Helms-Burton law was signed by President Bill Clinton, Lage said in regards to the behavior of foreign investments that "of course, investors are concerned by the anti-Cuban law, but that the general feeling has been anger — investors feel offended — and what has predominated among investors is their decision to remain in Cuba."

The vice president revealed that Cuba is prepared for the worst circumstances regarding the implementation of the Helms-Burton law which aims to strengthen the blockade against Cuba, and that measures are being taken to counteract its effects, although Lage refused to determine exactly what these measures were.

Lage added that Cuban authorities are in close contact with the companies to help them in any way possible.

Lage said that the law was inevitably going to harm the economy, among which he mentioned higher financial costs from commercial banks. Nevertheless, Lage said the most negative effect of the Helms-Burton law is the intimidation and pressure exerted against all companies that trade with Cuba.

Lage assured that the law's effects, although severe, will be temporary — as the Torricelli law approved in 1992 — and as the economy grows, and time passes, the companies that decided not to invest will perceive that the other companies have not been affected.

"The recent OAS General Assembly showed that the world is not willing to accept the extraterritorial nature of the law, because the issue being debated is very dangerous," Lage commented.

Lage quoted an old Chinese proverb to describe the effects of the Helms-Burton law on the United States: "They lifted a large stone and dropped it on their feet."

Cuba: Commentary Views Chapter 3, EU's Countermeasures

PA1707030496 Havana Radio Rebelde Network
in Spanish 1155 GMT 16 Jul 96

[*"Our Opinion"* commentary read by Eduardo Rivas; from the "Doing Radio" program]

[FBIS Translated Text] As you may know, President William Clinton yesterday decided to postpone until today his decision on the implementation of Chapter 3 of the Helms-Burton law. White House and State Department spokesmen have refused to venture any comment on the status of the president's decision. Most diplomatic circle insiders in Washington, D.C. believe that the president will sign Chapter 3, which would pave the way for companies and individuals, naturalized U.S. citizens of Cuban origin, to file lawsuits against companies that have investments in Cuba and do business with the island.

The EU countries have also agreed that Chapter 3 will probably be implemented, so they approved yesterday a number of countermeasures, proposed by British Foreign Minister Michael Ruffin, which include:

1. Urging the WTO to conform a commission that will study the lawfulness of U.S. sanctions.
2. Changes in the visa requirements for U.S. businessmen who want to visit Europe. In other words, visa requirements for U.S. businessmen would be toughened. This measure probably reacts to Chapter 4.
3. Introducing laws to block the effects of the Helms-Burton law, that is, establishing the legal mechanisms that would hinder U.S. attempts to implement the law in Europe.
4. Putting U.S. companies that file lawsuits against European firms in a black list. Said another way, U.S. companies could also be sued, have their assets frozen, or face sanctions.

The above are the four principal countermeasures adopted by the EU. Analyzing the situation, if the United States implements the Helms-Burton and the EU implements its countermeasures, these two important economic forces would, in fact, be declaring a trade war on each other. It would over time extend

to other nations that do business with Cuba and the United States, such as Mexico and Canada. It is quite evident that the whole world would suffer simply because, as colleague Nidia Diaz wrote in Saturday's *GRANMA*, the United States seeks to punish the rest of the countries due to its inability to bring the Cuban people to their knees. A trade war could deteriorate things even more, all because of the pressures and dirty tricks by Cuban ultra-right sectors in Miami, aided by the support of the extreme right sectors in the United States, and a president whose attitude shows that he caves in to pressure and is wavering.

This is the situation as it stands. I said yesterday that the most basic common sense would advise that Chapter 3 not be implemented, and would even indicate that the law itself be removed because it cannot be implemented. But I think that this is too much to ask. So let us wait, and we will soon know what we are up against. I have always said that what is really dangerous is not the law itself but the mentality of those who are capable of engendering a fascist monstrosity such as the Helms-Burton law. That mentality can, should problems worsen with the implementation of the law, spark an escalation of measures and countermeasures, which would be hard to contain, because one can usually see how these situations begin but not how they will end.

Cuba: U.S. Denial of Samper's Visa Said 'Outrageous'

PA1707024396 Havana Tele Rebelde and Cubavision
Networks in Spanish 0000 GMT 17 Jul 96

[From the "NTV" newscast]

[FBIS Translated Text] Cuba has described as outrageous the treatment Washington has dealt Colombian President Ernesto Samper Pizano by denying him a visa to enter U.S. territory. A Foreign Ministry note stated this also constitutes an affront to Latin America as a whole.

The document stated the White House decision can only be interpreted as the prelude to new interventionist steps. The statement noted that Cuba is not unaware that an attack on Samper Pizano entails a direct blow to the president of the Nonaligned Movement.

Cuba: Discrimination Claim Against U.S. at ICAO Council

PA1707050296 Havana PRENSA LATINA in Spanish
0032 GMT 17 Jul 96

[By Javier Rodriguez]

[FBIS Translated Text] United Nations, 16 Jul (PL) — Cuba today filed an official complaint before the Inter-

national Civil Aviation Organization (ICAO) alleging discrimination against Cuban commercial air carriers in U.S. territory.

This complaint was formalized by a letter sent by Division General Rogelio Acevedo, president of the Cuban Civil Aeronautics Institute (IACC), who is in this city, to ICAO Council President Assad Kotaite, *Prensa Latina* has learned.

Acevedo, who is a member of the Cuban delegation at the upcoming UN Security Council meeting, stated that, systematically and during the last 15 years, permits were not granted to allow Cuban aircraft to overfly U.S. territory on more convenient international routes for commercial flights.

This occurs in trips between Cuba and Canada, and forces Cuban aircraft to use noncompetitive and unacceptable routes from the economic standpoint, placing them at a disadvantage with other airlines exploiting the same services.

The Cuban Government understands that those measures adopted by U.S. authorities, in addition to being restrictive and discriminatory, result in a significant increase in operating expenses, and annoyance to passengers.

This also represents, Acevedo remarked, a contradiction with one of the principal objectives of the agreement signed in Chicago, in 1944, which consists of "providing international air transportation that may be exploited in a healthy and economic manner."

The U.S. restrictions have caused \$34 million in economic losses for Cubana de Aviacion Company from 1988 until the first semester of 1996.

In the face of this situation, Cuba has asked the ICAO president to include a new issue in the working program of the 149th period of sessions of the ICAO Council, as a claim, and present a demand against the United States.

Said claim is based on the regulation for solving the controversies at the ICAO. It also represents a denunciation of the measures adopted by the White House in violation of the Agreement on International Civil Aviation and the agreement pertaining to the transit of international air services.

The attitude of the United States, according to the IACC president, contrasts with that of the Cuban authorities, who provide all sorts of facilities to over 110,000 overflights that are made annually in the Havana Flight Information Region.

Some 58 percent of these operations correspond to 22 U.S. carriers, according to the official statistics disclosed by Cuba.

Since 1989, Havana has periodically denounced the aforementioned discriminatory practices that the Cuban aviation is suffering, in spite of the steps taken by ICAO before U.S. authorities, which did not produce positive results.

As a result, Acevedo affirmed, Cuba considers that this affair requires a profound consideration by the organization and the adoption of urgent and effective measures.

In less than 20 days, Havana filed two reports to ICAO on the entry of U.S. Government aircraft, without previous coordination, in the Flight Information Region of Havana, with the ensuing danger for air navigation in the region.

Cuba: Ministry Denies Massive Illegal Alien Summer Exodus

PA1607161496 Havana Radio Havana Cuba in Spanish 1300 GMT 16 Jul 96

[From the "Morning Information Review" newscast]

[FBIS Translated Text] Cuba has denied counterrevolutionary rumors of a possible massive exodus of Cuban illegal immigrants this summer and reaffirmed its resolve and decision to comply with the migratory agreements signed with the United States.

In a note, the local Foreign Ministry points out that the Miami counterrevolutionary Mafia intends in every way possible to see that these agreements are violated and exerts pressure on the United States and other governments to create tensions.

The text reports that more than 500 illegal emigres have been returned to Cuban authorities in recent times, in compliance with agreements and other migratory accords between the governments of Cuba, the United States, and several Caribbean countries.

The Foreign Ministry reports that Washington has delivered to our country 369 illegal emigres, in accordance with the agreements signed between the two countries on 2 May 1995. A further 160 have been repatriated by the governments of Belize, Bahamas, Jamaica, and Grand Cayman.

Lastly, the document underscored that our position has been clearly expressed these past few days by Cuban Parliament President Ricardo Alarcon, who stressed that the migratory agreement is unmistakably in full force.

**Cuba: Minrex's Dause on Commitment to
Migratory Agreements**

PA1707043796 Havana Radio Rebelde Network
in Spanish 1700 GMT 16 Jul 96

[Report by Zenaida Costales; from the "National Radio
News" newscast]

[FBIS Translated Text] From the signing of the migratory agreements in May 1995 to the present, hundreds of illegal Cuban emigrants have been returned to the country as a result of the scrupulous compliance with the migratory agreements between Cuba and the United States, as well as with Caribbean countries such as Belize, Bahamas, Jamaica, and Cayman Island.

Despite this reality, in the past days foreign stations have reported the possibility of a massive illegal exodus in the summer months with an alleged tolerance on the part of the Cuban government. In this regard, we talked to Rafael Dausa, deputy director of the North America Directorate of the Minrex [Foreign Relations Ministry]:

[Begin recording] [Dausa] Virtually all the radio stations you mentioned are headquartered in southern Florida. These stations are exclusively counterrevolutionary and this is precisely why they are trying to spread a number of false rumors. There is truly no commitment, decision, or determination on the part of Cuba to favor a massive exodus of illegal emigration.

Cuba, as our authorities have clearly stated, is honoring commitments acquired through the migratory agreement of 1994 that was broadened in 1995. It is determined to continue honoring such commitments.

[Costales] Who is behind this propaganda as what is their aim?

[Dausa] One can easily determine who could be behind this. They are the same ones who are behind the Helms-Burton law, those who encourage the hijacking of planes to emigrate illegally, and those who have been behind all attacks on our country in the past 37 years. In other words, the most ultra-rightist sectors of the population of Cuban origin are in southern Florida and in other places in the United States, but mainly those in southern Florida. The Mao Canosas, the eternal enemies of the Cuban revolution who have, undoubtedly, not grown used to the idea that Cuba is a sovereign country, an independent country, a country that must be respected. [end recording]

Cuba: Minrex Note on Immigration Accords Issued

PA1707013296 Havana Radio Rebelde Network
in Spanish 1700 GMT 16 Jul 96

[From the "National Radio News" newscast]

[FBIS Translated Text] The Foreign Ministry today issued a note [nota] on the full validity of the immigration accords between Cuba and the United States. The statement said that, in compliance with those accords and other forms of understanding on immigration between the governments of Cuba and the United States and other countries of the area, 529 illegal emigrants have been returned to Cuban authorities.

The United States has handed over to our country 389 [number as heard] illegal emigrants based on the immigration accords signed with Cuba on 2 May 1995; 278 of these persons were intercepted at sea by the U.S. Coast Guard service, whose naval units have entered Cuban territory on 32 occasions to return these citizens. The other 91 persons returned to the country by U.S. authorities tried to emigrate illegally from Guantanamo Naval Base.

In compliance with different forms of understanding on immigration with Caribbean countries like the Bahamas, Grand Cayman, Jamaica, Belize, and others, another 160 illegal emigrants have been returned who tried to use those territories as transit points in an attempt to continue their trip to the United States.

Cuba has had a consistent policy for safe, legal, and orderly emigration with regard to the irresponsible stance of those who have tried to promote illegal emigration to use it as a political and subversive instrument, destabilizing the revolution.

In the past few days, several foreign news media have carried counterrevolutionary rumors, according to which a massive exodus of illegal Cuban emigrants is being prepared during the summer months.

The fact remains that the Miami counterrevolutionary mafia is the one trying by all means to bring about a violation of these accords and is pressuring the United States and other governments in order to create tension that fosters a climate of greater hostility toward our country with unforeseen consequences.

Cuba has given ample proof, and will continue to do so, of its unvarying commitment and decision to abide strictly by the immigration accords. Our stance has been clearly expressed recently by Comrade Ricardo Alarcon de Quesada, president of the National Assembly of the People's Government.

Nobody should be deceived. The immigration accords are in full force. We are interested in the scrupulous compliance with those accords.

Cuba: Comparison—Television Report on Minrex Note

PA1707022096 Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 17 Jul 96

[Comparative version of Cuban Foreign Ministry "note" issued in Havana on 16 July; — originally filed from Havana Radio Rebelde Network in Spanish as PA1707002896; explanatory notes describe differences from Radio Rebelde version]

[FBIS Translated Text] The newspaper GRANMA carried today a Foreign Ministry (Minrex) note under the headline: Cuba is interested in scrupulous compliance with the immigration accords. [Havana Radio Rebelde version does not ascribe the note to GRANMA and carries a different version of the introductory sentence] In compliance with accords and other forms of understanding on immigration between the governments of Cuba, the United States, and other Caribbean area countries, 529 illegal emigrants [Havana Radio Rebelde phrases this: "governments of Cuba, and the United States and other countries of the area, 529 illegal emigrants"] have been returned to Cuban authorities.

The United States has returned to our country 369 based on the [Havana Radio Rebelde version says "389 illegal emigrants based on the"] accords signed with Cuba on 2 May 1995; 278 of these persons were intercepted at sea by the U.S. Coast Guard service, whose naval units have entered Cuban territory on 32 occasions to return those citizens. The other 91 persons returned to the country by U.S. authorities tried to emigrate illegally from Guantanamo Naval Base.

The Minrex note stated that [Havana Radio Rebelde version does not contain introductory phrase by the announcer: "The Minrex note stated that"] in compliance with different forms of understandings on immigration with Caribbean countries like the Bahamas, Grand Cayman, Jamaica, Belize, and others, another 160 illegal emigrants have been returned who tried to use those territories as a transit point in an attempt to continue their trip to the United States.

Cuba has had a consistent policy for safe, legal, and orderly emigration with regard to the irresponsible stance of those who have tried to promote illegal emigration to use it as a political and subversive instrument, destabilizing the revolution.

In the past few days, several foreign news media have carried counterrevolutionary rumors, according to which

a massive exodus of illegal Cuban emigrants is being prepared during the summer months.

The Minrex note continued: [Havana Radio Rebelde version does not contain this introductory phrase by announcer] The fact remains that the Miami counterrevolutionary mafia is the one trying by all means to bring about a violation of these accords and is pressuring the United States and other governments in order to create tension that fosters a climate of greater hostility toward our country with unforeseen consequences.

To conclude, the note stated: [Havana Radio Rebelde version does not contain this introductory phrase by announcer] Cuba has given ample proof, and will continue to do so, of its unvarying commitment and decision to abide strictly by the immigration accords. Our stance has been clearly expressed recently by Comrade Ricardo Alarcon de Quesada, president of the National Assembly of the People's Government.

Nobody should be deceived. The immigration accords are in full force. We are interested in the scrupulous compliance with those accords.

Cuba: Ministry Says Nation To Honor Migratory Agreements

PA1707034396 Havana Radio Havana Cuba in Spanish 0000 GMT 17 Jul 96

[Commentary read by Barbara Betancourt]

[FBIS Translated Text] The Cuban Government reaffirmed today, via a note issued by the Foreign Relations Ministry, its interest in seeing a continuous and scrupulous compliance with the migratory agreements signed with the governments of the United States and countries of the Caribbean area.

You might recall that in recent days, in view of the hijacking to the Guantanamo Base of a civilian Cuban plane, Parliament President Ricardo Alarcon de Quesada underscored his country's position when he stated:

[Begin Alarcon recording] Nobody should be confused. The migratory agreements are in full force, and despite all the differences we might have, on this particular point there is no difference between the governments of the United States and Cuba. The two are interested in their scrupulous application. [end recording]

It is advisable to reaffirm the above to refute the campaign that foreign media, belonging mainly to the counterrevolutionary mafia of Miami, have orchestrated in relation to an alleged massive exodus of illegal Cuban emigrants in the summer months. In this regard, Foreign Relations Ministry Spokesman Rafael Dausa, said:

[Begin Dausa recording] Virtually all the radio stations you mentioned are headquartered in southern Florida. These stations are exclusively counterrevolutionary and this is precisely why they are trying to spread a number of false rumors. There is truly no commitment, decision, or determination on the part of Cuba to favor a massive exodus of illegal emigration.

Cuba, as our authorities have clearly stated, is honoring commitments acquired through the migratory agreement of 1994 that was broadened in 1995. It is determined to continue honoring such commitments. One can easily determine who could be behind this. They are the same ones who are behind the Helms-Burton law, those who encourage the hijacking of planes to emigrate illegally, and those who have been behind all attacks on our country in the past 37 years. In other words, the most ultra-rightist sectors of the population of Cuban origin are in southern Florida and in other places in the United States, but mainly those in southern Florida. [end recording]

Cuba: 'Miami Mafia' Said Seeking Immigration Accords' End

PA1607232496 Havana Radio Rebelde Network in Spanish 1700 GMT 16 Jul 96

[Commentary by Orlando Contreras; from the "National Radio News" newscast]

[FBIS Translated Text] Cuba's stance regarding current immigration accords with the United States and other Caribbean countries is clear, pristine, and categorical. Cuba has an interest that the immigration accords be scrupulously kept. The United States has also given official signals of the need to abide by those immigration accords and has returned to our country 369 persons who tried to emigrate illegally.

The Miami mafia, however, is actively trying not only to bring about the cancellation of those immigration accords but also to encourage the creation of a serious incident between Cuba and the United States. In fact, when referring to the civilian Cuban airplane that was hijacked at gun point and taken to the U.S. enclave in Guantanamo Bay, a counterrevolutionary radio station, of the many that operate in Miami, said and I quote: If Washington does not try him — referring to the air pirate — it could give Cuba the perfect pretext to ignore the immigration accords with the United States, and open the doors to let thousands of Cubans leave on rafts to Florida. End of quote.

Another of the many announcers paid by mafioso Mas Canosa said there are rumors in Havana that the immigration accords will be broken in August, and affirmed that at the U.S. Interests Office in Havana

countless of calls are received asking for explanations. TV Marti, which costs U.S. taxpayers \$11 million and can only be seen in Florida, gave air time to one of those [word indistinct] spokesmen who said, and I quote: Castro is preparing another forced exodus. In sum, as a signal of that [word indistinct], what I said before is sufficient. What matters is that the Miami mafia is very much interested in the rupture of the immigration accords, and is conducting a campaign to encourage illegal departures from Cuba.

The purpose is very clear, that is, to heighten tension between Cuba and the United States, and try to rupture accords such as the one on immigration.

Cuba: U.S. Coast Guard Returns 8 Illegal Emigrants

PA1707033596 Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 16 Jul 96

[From the "NTV" newscast]

[FBIS Translated Text] A group of illegal emigrants from Camaguey, Villa Clara, Matanzas, and Havana Provinces were returned today, in compliance with the immigration accords signed by Cuba and the United States.

[Begin recording] [Reporter Marta Moreno] The U.S. Coast Guard today returned eight citizens to Cabanas Port. They had been intercepted at sea when they were trying to reach the United States illegally. Mr. (Andy Finky), vice consul of the U.S. Interests Section in Havana, talked to the press.

[Unidentified reporter] Is the United States confirming it will continue abiding by the immigration accords of 2 May 1995.

[(Finky)] Certainly. Yes.

[Moreno] The group comprises seven men and one woman who come from the western provinces and the country's central area.

[Reporter] Why do you think you were returned?

[First unidentified emigrant] Because of the accord.

[Reporter] Were you aware of it?

[Emigrant] Yes, of course.

[Reporter] Why did you do it?

[Emigrant] The adventure. They told us they had the obligation to return us because of the accord.

[Second unidentified emigrant] [Words indistinct]

[Reporter] Illegal?

[Second unidentified emigrant] [Words indistinct]

[Reporter] Were you all right in that raft?

[Second unidentified emigrant] Well, we were [words indistinct] in raft. We spent four days rowing and one chamber [camara] deflated.

[Moreno] In all, 32 groups have been returned through Cabanas Port, since the immigration accords were signed between Cuba and the United States. [end recording]

Cuba: Solidarity Against Helms-Burton Law Expressed

BR1607143496 Madrid EFE in Spanish
0825 GMT 26 Jun 96

[Unattributed report: "Anguita in Cuba To Demonstrate Solidarity Against Helms-Burton Law"]

[FBIS Translated Excerpt] Madrid (EFE) — Julio Anguita, the Spanish United Left [IU] party's coordinator general, arrived in Cuba last night and stated categorically that the main aim of his visit was to demonstrate clear solidarity with the Cuban Government against the Helms-Burton law.

In statements to Spanish journalists in Havana shortly after his arrival, Anguita described contacts between Spanish Foreign Minister Abel Matutes and Jorge Mas Canosa, the leader of the National Cuban-American Foundation with whom Matutes met in Madrid last week, as "a dangerous and undesirable friendship."

Referring to the meeting between the minister and the leader of the most powerful and radically anti-Castro exiles organization, Anguita said: "The Spanish Government should free itself from shows of friendship that are dangerous and undesirable for reasons of the historic ties that exist between Cuba and Spain."

The leader of the third largest Spanish political force and Secretary General of the Spanish Communist Party [PCE] added: "I think it was a mistake to receive him and I think it shows a state of imprisonment that we want to change."

The IU leader, who will meet with senior Cuban Government officials today, including President Fidel Castro, said that the measures adopted yesterday by the EU to counter the Helms-Burton law were "too little too late."

Anguita said: "It is important that these measures were adopted, but I think this situation calls for a stiffer response because it is not just a problem of extraterritoriality but also of people's sovereignty, and

the response should have been just as serious." [passage omitted]

In Anguita's view "these measures are tepid. We needed a tougher tone to our response, more capacity to react: They are good measures, but too weak."

The Spanish left-wing leader refused to speak about the process of economic reform in Cuba and the possibility of meeting with dissident groups.

Without totally ruling out a meeting with sections of the opposition to Fidel Castro's government, Anguita nevertheless said: "We came here at the invitation of the Cuban Government and I will not be very receptive to requests to meet with other groups."

Julio Anguita also spoke about the statements made yesterday by Fernando Villalonga, the Spanish secretary of state for international cooperation, who said he was convinced that Mas Canosa can wield "influence" so that the Clinton administration does not harm Spanish companies by applying the Helms-Burton law.

Anguita said: "I do not know whether or not there is some kind of complicity with the anti-Castro radicals, but I do think they are relying on a "lobby" (pressure group) and that that policy is out of touch with the reality and the history of Spain." He went on to describe the secretary of state's comments as "shocking to say the least."

For her part, IU parliamentary spokeswoman Rosa Aguilar, who accompanied Julio Anguita on his trip to Havana, said that the IU will ask Villalonga to appear before parliament to explain these statements and will demand that if there are contacts with this "lobby" that these "cease immediately" since this threatens Spanish companies.

Cuba: EU Measures Against U.S.-Cuba Law Said 'Still Weak'

LD1607141996 Madrid RNE-1 Radio Network
in Spanish 0600 GMT 16 Jul 96

[FBIS Translated Excerpt] Julio Anguita, the coordinator general of United Left [IU], who is in Cuba, believes the response given by the EU (to the Helms-Burton law) has come late and is still weak, although it is better than nothing. Carmen Hernandez, our special correspondent in Cuba, reports. Hello.

[Begin recording] [Hernandez] Hello. There has been no official Cuban reaction providing any sense of calm and tranquillity. Yesterday afternoon, at Havana Airport, we managed to speak to Jose Ramon Machado, the number two at the Politburo of the Communist Party of Cuba, and he restricted himself to discussing the Torricelli

law [banning entry to U.S. ports of boats that have entered Cuban ports in the previous 180 days] and the blockade of over 20 years. What is new for third party countries is just more of the same for Cuba, he said, but what is certain is that Ricardo Alarcon, president of the Cuban parliament, left for New York yesterday on an urgent trip. Alarcon has spoken on Cuba's behalf in these matters in recent years.

Last night, at the Spanish Embassy in Havana, the matter was discussed a great deal. Julio Anguita called the EU's decisions lukewarm and belated, although he said they seemed to him interesting:

[Anguita] They seem to us insufficient and somewhat belated. It is always important for particular measures to be taken and for there to be some kind of reaction, but I believe the American stance demands a much more emphatic response — as it says in the classical [word indistinct], proper and equitable; in the same direction, with the same force and with the same intensity.

[Hernandez] For Julio Anguita, not only is Cuba's sovereignty at stake but also that of all the countries of the EU. The IU leader accused the government of [Jose Maria] Aznar of having dangerous friendships, an allusion to the businessman [Jorge] Mas Canosa; and in the same vein, he said the PSOE [Spanish Socialist Workers Party] government handled relations with Cuba better, although the IU would have gone further. [end recording]

The immediate consequences of this application, or this announcement of the application of sanctions against the [Spanish hotel] company Sol-Melia by the U.S. authorities have already been seen in an initial fall in the price of the chain's shares on the stock market. Their value has fallen 150 pesetas per share — a little over 4.71 percent. [passage omitted]

Cuba: Balaguer on Asian 'Solidarity' Against With Nation

PA1607141796 Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 14 Jul 96

[FBIS Translated Text] Jose Ramon Balaguer, member of the Politburo of the Communist Party of Cuba [PCC], who is on a visit in China, has reported that Vietnam, Laos, and China have joined the worldwide storm of disapproval and rejection of the Helms-Burton law and have confirmed their solidarity with Cuba and their rejection of the law.

Balaguer noted the solid backing he has received in this regard from the political parties of those three countries, which are part of his current tour. He said that in addition to rejection for the Helms-Burton law, he found

decided support from China in the discussions at the UN Security Council and at the International Civil Aviation Organization in the case of the two small planes downed in defense of our country's sovereignty.

Cuba: Athletes' Delegation Leaves for Olympic Games

PA1607134796 Havana PRENSA LATINA in Spanish 1539 GMT 15 Jul 96

[FBIS Translated Text] Havana, 15 Jul (PL) — Amid a festive ambience, the delegation of Cuban athletes attending the 100th Olympic Games left today for Atlanta on two charter Cubana de Aviacion flights. The Cuban athletes will participate in 14 sports.

A band and multicolored flags embellished the departure of the Cuban athletes this morning at Havana's Jose Marti International Airport. Jose Ramon Fernandez, vice president of the Council of Ministers, bid the athletes farewell.

The members of the delegation exuded a great deal of optimism. The Cuban representatives hope to repeat or improve their performance in Barcelona '92, where they won fifth place among all the countries with 31 medals, including 14 gold, six silver, and 11 bronze.

Ivan Pedroso, the world champion in the long jump category who recently underwent surgery because of an injury, said he was in shipshape physical and mental condition.

Javier Sotomayor, a world record-breaker in high jump and Olympic champion in Barcelona '92, predicted that the winner in Atlanta '96 will have to jump over 2.36 meters and expressed confidence that he will be able to win a medal, despite a recent "slump."

The Cuban delegation is made up of 310 members, including 170 athletes — 111 men and 59 women, and the rest include technical staff, arbiters, doctors and reporters.

Cuba will compete in athletics (M-F), basketball (F), baseball, boxing, cycling, fencing (M-F), judo (M-F), wrestling (free and Greek), weight lifting, swimming, rowing, shooting, sailing, and volleyball, which for the first time includes beach volleyball in the Olympic Games.

Cuba: Minister on Legislation To Toughen Drug Sanctions

PA1607120896 Havana PRENSA LATINA in Spanish 1855 GMT 15 Jul 96

[FBIS Translated Text] Havana, 15 Jul (PL) — Justice Minister Carlos Amat has announced here that the

Cuban Government is drafting a new law designed to toughen sanctions against drug trafficking and avert a future consumption boom in the island.

In an interview published in the second issue of the magazine *CORREO DE CUBA*, Amat ruled out that the abuse of drugs constitutes a problem in the country. However, he pointed out, signs that were not previously detected have emerged in the wake of recent measures such as not penalizing the holding of dollars, as well as the increase in tourism and the number of airlines flying to Cuba.

Among these manifestations, the minister mentioned the entry of foreign addicts linked to Cuban citizens, mainly tourism workers, easy riders (prostitutes) and drivers of rental vehicles.

However, he stressed, this situation has not spread to the rest of society. What the local authorities want to do is to prevent the so-called "mulas" or drug couriers from using Cuban territory as a springboard to ship drugs to the United States or Europe.

Consumption might spread where there is transshipment and this is the double phenomena we want to prevent, Amat pointed out. Amat is the chairman of the National Drug Committee, which is also constituted by the ministries of Foreign Relations and Public Health, the Prosecutor General's Office and Customs. This committee outlines both work guidelines and recommendations.

We plan to include in this new legislation general guidelines that will enable us to punish the variations of all these crimes, Amat stated.

He explained that the new legislation will be valid not only to penalize the illegal traffic of drugs, but also to set up controls and the measures that pertain to legitimate drugs and precursor chemicals.

We have, he added, trained cadres, as well as new techniques. We have received international assistance from the countries with which we have agreements, as well as from the UN program; these are factors that have improved our effectiveness in detecting and arresting drug traffickers.

Those foreigners who are arrested on drug trafficking charges are dealt with in accordance with the Cuban laws and in all cases, the respective embassies and consulates, if there are any in the country, are informed. These persons also receive all the guarantees the Cuban due process grants Cuban nationals, he clarified.

Amat stressed that there are cooperation agreements for the training of cadres, as well as for training and technical assistance with many countries, including Mexico,

Venezuela, Brazil, Panama, Nicaragua, Argentina, Peru, Bahamas, Barbados, Guyana and Jamaica.

Answering a question in this regard, Amat said that the United States has never expressed any interest in signing an agreement of this sort. Nevertheless, we have tried to cooperate with them, because, in the long run, U.S. nationals are the victims.

In Europe, he indicated that Cuba signed a treaty with Russia and mentioned the Cuba-Colombia memorandum of understanding, which authorizes the implementation of different activities.

The Cuban Justice minister emphasized that no country could face the fight against drugs on its own and succeed. Therefore, the possibility of this triumph depends on cooperation, unity among the states and the political will of every state, he contended.

Cuba: Activities for Young People During Summer Reported

*PA16J7123296 Havana Radio Havana in Spanish
0000 GMT 11 Jul 96*

[Report by Marianela Samper]

[FBIS Translated Text] [Introductory song: "Let the sun touch your hands, so you can be happy this summer"]

The catchy tune of this song sets the tone for Cuban youths, who take part in recreational, cultural, and sporting events, but without neglecting productive activities. Each year, during the hottest time of the year, in July and August, parks, squares, and beaches are brought to life with the joy of our young ones, who deserve their reward following their daily effort at labor and school centers.

As a matter of fact, the school year ended with its best indicators, including the graduation of over 25,000 university students, who have guaranteed employment. This signal also shows the recovery of the country's economy, which is already evident in the classrooms. Since Cuba is the only country in the world in which its students donate part of their vacations to production activities, this year, over 600,000 Pioneers and 260,000 middle level students will join these activities.

Victoria Velasquez, first secretary of the Union of Young Communists (UJC), talks about the tasks that receive the greatest priority:

[Begin Velasquez recording] We are going to marshal our students into Student Labor Brigades [BCT] and the children into the Fapi [Pioneer Action Forces]. The marabou weed is something you and everybody else has

seen. Marabou weed is tough, as has rightly been said. Getting rid of it is difficult and requires reusources.

We realized the machete alone is not sufficient. We need to work with picks. This is part of the work to invigorate cattle-raising activities, something the Agriculture and Livestock Ministry is working on.

I believe all Cubans must participate in it. To be able to carry out all the cattle-raising plans, the marabou weed has to be removed from 80,000 callaberias that are infested all over the country. I would say that we do not intend to do that in six months, but to do it gradually. We will get rid of the marabou weed in 17 enterprises this year, and that is why young people are participating in this plan. [end recording]

Without losing sight of their political and ideological training, Cuban youths devote part of their time to analyzing the impact of the Helms-Burton law. While university students explain in towns the content of that monstrosity, the law school professors are investigating its chapters and getting ready to defend the things that rightly belong to Cubans, because of their origin and nature.

While the Washington Administration is toughening the blockade on the island, over 200 U.S. youths will give a sign of their solidarity with our people by attending the Cuba-U.S. meeting. Rogelio Polanco, who heads the UCI international relations department:

[Begin Polanco recording] Those young people will come to Cuba from 24 July to 5 August. They will come to be with our people in Santiago de Cuba, Guantanamo, and Havana, and they will stay with Cuban families in Santiago de Cuba. They will also be in farm camps, working with our young people, as part of the BCT also. They will go to Guantanamo, where they will have an important program of activities that includes, of course, a meeting with young fighters of the border brigade.

They will come to Havana, where they also hold exchange and discussion meetings on the situation in Cuba, as well as on the society we live in, that is, U.S. society and Cuban society. I think it will be an important moment to prepare for the 14th Youth and Students Festival, which will be held in our country in the summer of 1997, as we all know.

This shows that U.S. young people will not stand on the sidelines with regard to the possibility of attending this festival in Cuba. [end recording]

The sessions of the second Pioneer's Council, which will be attended by over 1,000 delegates; the farewell to the athletes who will depart for Atlanta on 15 July; as well as camping in places with facilities for over

300,000; are among the activities planned for Cuban youths who, during the summer months, reaffirm that the sun touches them, as the song goes.

Haiti

Haiti: Minister To Explain Bill; Smarth on Delay in Vote

PA1707023496 Port-au-Prince Signal FM Radio
in Creole 1130 GMT 16 Jul 96

[From the "0730 Appointment" newscast]

[FBIS Translated Text] Economy and Finance Minister Fred Joseph is due at the Parliament today. He will provide the Chamber of Deputies with further explanations on the bill on early retirement in the public administration.

During a session held on past 13 July at the lower chamber, the deputies showed their willingness to convene Minister Joseph once again at the Haitian Parliament as the parliamentarians asked for explanations regarding the law on public administration in the country. They talked about their dissatisfaction when the commission in charge of studying this law was presenting its report at the Haitian Parliament, in the Chamber of Deputies on past 13 July. Most deputies boycotted the session that was supposed to be held at the Haitian Parliament on 13 July.

The deputies will resume work today on the law regarding reforms in the public administration and early retirement in the public administration. The parliamentarians demand the presence of Economy and Finance Minister Fred Joseph so he can give more explanations on the two bills he submitted to the parliamentarians last week.

In the meantime, the government's deadline to send these laws to international donors, so financial assistance can be given to Haiti, expired on 15 July. The head of the Haitian Government expressed the hope that the parliamentarians will vote in favor of the law on reform in the public administration by the end of the month of July.

Mr. Rosny Smarth says everything is not yet over as regards the negotiations with Haiti's international donors even though the Parliament did not ratify the law on modernization and early retirement in the public administration by 15 July. The head of government has explained that [words indistinct] would allow the financial organizations, notably the IMF to analyze the economic program by next 29 July, that is a 15-day deadline for analyzing the document before voting a resolution in favor of Haiti.

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Haitian Prime Minister Rosny Smarth hopes the delay of the parliamentarians will not have any effect. He believes the government can always ask the IMF to shorten its deadline for analysis. He also acknowledged the autonomy of the legislative power that can adopt any decision in favor or against the modernization of the state-owned enterprises.

Mr. Smarth wishes the Parliament to ratify as soon as possible two bills, one on modernization, and the other one on early retirement in the public administration, so the country's economy can progress.

Haiti: 'Plot' To Assassinate Preval, Aristide Rumored

PA1707035996 Port-au-Prince Radio Kiskeya in Creole 1600 GMT 16 Jul 96

[From the "4 O'Clock Newscast"]

[FBIS Translated Excerpt] On the morning of 16 July at the Police Academy on the Freres Road, the UN Support Mission in Haiti (MANUH) entrusted to the Haitian National Police (PNH) 60 vehicles with communication systems in order to allow this institution to have more means to fulfill its mission. Radio Kiskeya is going to present you a report on the ceremony that took place on the occasion. The director of the PNH took the opportunity to make comments when the journalists were asking him questions on the incident that happened once again at the airport on 15 July, and on the rumors of a plot being hatched for the assassination of President Rene Preval and former President Jean-Bertrand Aristide. Carmel is presenting us the report.

[Begin recording] [Carmel] On the morning of 16 June, MANUH entrusted to the PNH 60 vehicles with communication systems in order to improve the capability of this institution to intervene. The head of the

military branch of MANUH, Canadian General Pierre D'Aigle commented on this deed of the international community. He recalled that it is the second group of vehicles the international community has given to the police in order to guarantee a stable climate in the country. [passage omitted]

For his part, the general director of the police, Pierre Denize, explained how this group of vehicles will allow the police to have a stronger presence on the field through patrols that will be easier to be made especially from the most important police stations in the western area. [passage omitted]

Questions were also asked on how far the inquiries into the disappearance of little Boris Pautynsky and Mrs. Georges Dabas have gotten. Pierre Denize said the inquiries on these cases continue, but that as they are cases in which human lives are in danger, he is obliged to be very careful about these issues.

The [words indistinct] on the police also said that he was aware of the ongoing rumors of an alleged plan to assassinate President Preval and former President Aristide. He said their first duty is to verify these rumors while taking measures to prevent any such actions.

[Denize] Rumors are circulating throughout the town on that score. The PNH has taken preventive measures every time there is this kind of rumor. It is working so as to know first if this rumor is founded and, in the event that it is founded, to apprehend the culprits.

[Carmel] This was PNH General Director Pierre Denize on the occasion of the ceremony that took place on the morning of 16 July at the Police Academy where MANUH was entrusting to him 60 vehicles for the institution he is leading. This was a report by Radio Kiskeya. [end recording]

Mexico: Secretariat Reacts to U.S. Decision To Enforce Law

PA1707021896 Mexico City NOTIMEX in Spanish
0027 GMT 17 Jul 96

[FBIS Translated Text] Mexico City, 16 Jul (NOTIMEX) — Mexico today acknowledged the U.S. decision to postpone the lawsuits related to the Helms-Burton law, but stated that it reserves the right to take all necessary measures to defend the interests of this country's businessmen.

"The Mexican Government regrets President Clinton's decision to put the law into force but acknowledges that postponing the lawsuits constitutes an effort to address the concern of the international community," the Foreign Secretariat (SRE) stated.

The SRE communique also warned that the Mexican Government "reserves the right to take all the domestic and international measures necessary to defend the interests of Mexican businessmen and its citizens."

It added that "Mexico will continue the open process of consultations with the United States, in accordance with the mechanisms established in the North American Free Trade Agreement, for the purpose of finding a solution that guarantees respect for the commitments acquired in it."

To conclude, the SRE reaffirmed the adhesion by the government of President Ernesto Zedillo to the principle of nonintervention, and reiterated its rejection of the extraterritorial nature of the controversial U.S. legislation.

The SRE communique constituted the country's first official reaction to the U.S. decision to enforce Chapter 3 of the Helms-Burton law, although it decided to postpone for six months the possible lawsuits against foreign companies.

Mexico: Government Handling of Armed Groups Faulted

96CA0242A Mexico City REFORMA in Spanish
1 Jul 96 p 1

[Commentary by Sergio Sarmiento, journalist and encyclopedist: "Bandits" — received via Internet]

[FBIS Translated Text] "Whenever princes have given more thought to their tranquility than to arms, they have lost their states."—Machiavelli.

Setting up a guerrilla group does not take much time, money, or effort.

Let us consider the group called the Popular Revolutionary Army, which first burst on the scene last Friday, 28

June, during the ceremony marking the anniversary of the Aguas Blancas massacre. According to journalists' accounts, this was a group of about 70 people carrying automatic weapons (AK-47's) with their faces covered in the style of the EZLN [Zapatist National Liberation Army].

It is not hard to assemble 70 people to support a cause. Virtually any political organization can bring together hundreds or thousands of enthusiasts for demonstrations or protests of any type. Among them there will always be 70 ready to do anything for the victory of their idea.

Nor is it difficult in these times to get automatic weapons. They can be bought on the Mexican black market for a few thousand pesos. The open availability of all types of weapons in the United States has eased their flow into Mexico.

Ski masks are available for about 40 pesos anywhere in Mexico. Failing that, a scarf or bandanna costs 10 or 15 pesos.

Enough money to arm, train, and feed a guerrilla band of 70 people or more can be obtained by kidnapping just one businessman. And kidnappings are now an everyday occurrence in Mexico.

The government, faced with this new armed group, has turned to its old tactic of publicly discrediting it as a mere group of "bandits." In May 1993, when the first armed confrontation took place between the EZLN and the Army, the same explanation was forthcoming. Shortly before the Chiapas conflict erupted, the interior (gubernacion) secretary and former governor of Chiapas, Patrocinio Gonzalez Blanco Garrido, publicly declared that there were no guerrillas in Chiapas.

A group of bandits, though, does not announce itself publicly, does not seek to call the media's attention to itself, does not read revolutionary proclamations. Hundreds of soldiers do not go into the mountains in pursuit of bandits. Saying there are no "guerrillas" in Mexico, that the only armed people in the mountains are bandits, is a vain attempt to deny reality.

It actually is not as surprising that a new political group seeking to achieve its goals through arms has arisen in Guerrero as that more of these guerrilla movements have not proliferated in Mexico in recent times, as they did during the 1970's. Not only is Mexico today facing the ravages of its worst economic crisis in decades, but the nation's political structures are being transformed and have been weakened.

Let us add that the government of Mexico has demonstrated that it is more likely to soften its positions if it encounters demonstrations, protests, or armed uprisings.

The CNTE [National Coordinating Board of Education Workers] teachers, for example, won more concessions from the SEP [Secretariat of Public Education] than those of the rest of the SNTE [National Trade Union of Education Workers] because they paralyzed Mexico City for three weeks. Would the government be negotiating with the EZLN today if that group had confined its struggle within the framework of the law? Of course not. Recourse to arms, far from being punished, is politically rewarded. The popular saying attests to this: "The bird that yells the loudest gets fed."

Is this new Popular Revolutionary Army dangerous? It all depends; 70 people armed with AK-47's do not pose a military threat to the Mexican Army. Nor did the 2,000 members of the EZLN who staged an armed uprising in Chiapas on 1 January 1994. But to find, capture, or neutralize 70 armed individuals in the mountains requires the efforts of hundreds, perhaps thousands, of soldiers. According to press reports, 50,000 troops are now deployed in Chiapas, even though not a single shot has been exchanged between soldiers and rebels since February 1995.

How can the government avoid the appearance of new guerrilla groups? It needs to stop negotiating political and economic issues only when compelled to do so by force.

For example, if the negotiations taking place in La Realidad, Chiapas today are the right thing to do, it was a mistake to have waited for a group to take up arms to demand these negotiations. There need to be unassailable democratic procedures in place for choosing authorities and policies. But once the population has shown that it favors an option, the authorities should not negotiate at gunpoint.

Until that happens, the government itself will be promoting the emergence of groups seeking to gain their political ends through arms. And it will be of no use for the government to try to disguise these groups, after the fact, under the name of "bandits."

Honduras

Honduras: U.S. Drug Policy, Visa Cancellation Criticized

PA1607232696 Tegucigalpa LA TRIBUNA in Spanish
16 Jul 96 p 5

[Editorial: "Visa"]

[FBIS Translated Text] The reaction from Central American presidents during their recent meeting in San Jose, Costa Rica, shows very well the opinion Latin America as a whole has regarding the U.S. decision to revoke the Colombian president's visa to enter that country.

Aside from the facts, the seriousness of which are not completely known, it is difficult to accept the U.S. playing the role of absolute judge of Latin America and the world's destiny. It is also difficult to accept that in cases where there is an objective doubt, the United States becomes judge and punisher without consulting anyone. What makes things worse is that this is being done without respecting the guarantees of legitimate defense.

This is the key problem. Therefore, it is understandable, as many international analysts have said, that we are facing — although the United States may not perceive it and although we Latin Americans do not want it — an uncontrollable outbreak of anti-gringo feelings, which we do not need and which will not be beneficial for our development.

The U.S. concern over the production and selling of drugs is correct. What is not comprehensible is putting all the emphasis on countries where — for reasons we all regret — they are produced and then transferred to U.S. territory. The fact that very little is said about the existence of cartels inside the United States, and that there is so much permissiveness toward consumers, draws our attention and leads us to believe that the United States, once again, is handling the problem using double standards: one which it applies internally, and another one for the rest of the world, outside its borders.

The United States should not confront Latin America because of the drug issue. That would only benefit drug traffickers and would seriously weaken our countries. Even the democratic processes would no longer be legitimized by our peoples' will, but by certification by U.S. officials.

Therefore, the denial of President Samper's visa sets a dangerous precedent that could lead us to a confrontation that would be good for no one.

Honduras: Forum Asks Government To Form Debt Commission

PA1607171796 Tegucigalpa LA TRIBUNA in Spanish
13 Jul 96 p 8

[Report by Jeovany Castro; all figures as published]

[FBIS Translated Text] Civilian society and development organizations will ask the government to form a commission to seek, or at least to propose, mechanisms to mitigate the payments of the country's foreign debt.

As the Forum "Foreign Debt for Development: Alternatives and Hopes" ended, the organizers believed that the commission that will be formed must estimate the current balance of the debt and must ask the government to make official the debt's "stock" reduction systems.

In speeches delivered by the Federation of Private Development Organizations [Federacion de Organizaciones Privadas de Desarrollo] (Foprideh) and the Catholic Church, the debt's exact amount, the terms under which it was negotiated, and the elements that prevent us from seeking a pardon were requested.

There will be difficulties in the proposals the organizers of the Nongovernment Organizations Association [Asociacion de Organizaciones No Gubernamentales] will make, because in this forum, the credit organizations' representatives explained that pardoning the debt is impossible.

The "pardon" commission is made up by the country's professionals associations, the Central Bank of Honduras (BCH), the Finance Ministry, the Economists Association, and the National Congress. Monsignor Oscar Andres Rodriguez, the Catholic Church representative, was nominated to preside the commission, but he rejected the appointment.

According to Matias Funez [name as published], who spoke on behalf of the labor sector, this debt has been used to favor a small elite and to harm the majority, which is an attitude that has ethical and political connotations.

"We are being told that the foreign debt represents more than 100 percent of the country's GDP, and when we see that 40 cents of each dollar is used to pay the debt, we must think that it cannot be paid off," Funez assessed, adding that "the debt is like a wheel that is running over us, because these countries are not paying off the debt itself, but its interest."

HONDURAN FOREIGN DEBT BALANCES PER TYPE OF CREDITOR

CREDITOR	1992	1993	1994	1995
Multilateral Debt	1,875.4	2,077.4	2,194.4	2,483.2
IBRD (International Bank for Reconstruction and Development)	489.1	479.1	468.3	471.2
IDA (Inter-American Development Agency)	182.5	235.9	301.1	355.9
IDB (Inter-American Development Bank)	754.1	871.4	943.6	951.5
BCIE (Central American Economic Integration Bank)	337.8	373.1	372.2	368.4
IMF	111.9	117.9	109.2	108.5
Paris Club	989.1	753.4	800.1	1,457.0
Bilateral Debt	265.0	530.7	280.4	488.4
Private Sector	83.5	196.3	170.1	435.0
Total	3,304.4	3,452.5	3,643.2	4,343.5

Source: BCH

Panama

Panama: Government Said 'Pleased' With Clinton Action

PA1707050496 Panama City ACAN in Spanish
0200 GMT 17 Jul 96

[FBIS Translated Text] Panama City, 16 Jul (ACAN-EPE) — The Panamanian Foreign Ministry today announced that the Panamanian Government is "pleased" with the postponement of the full enforcement of the Helms-Burton law, which tightens the U.S. embargo against Cuba.

The Foreign Ministry's communique for the media stresses that the suspension of the judicial effects of this controversial law, as well as its approval, constitute "a U.S. Government internal decision."

This note further states: "Just as most of the international community, Panama has expressed its position in a timely manner, which was that both the approval, as well as the implementation, of the Helms-Burton law could have negative effects on international trade and international relations." Foreign Ministry's spokesman Erick Rodriguez Auerbach signed this note.

According to the note, U.S. President Bill Clinton's decision pleases Panama, "as long as this decision may contribute to lessening or resolving these conflicts."

Panama: Foreign Minister Remarks on U.S. Bases, Issues

PA1607121196 Panama City TVN Television Network
in Spanish 1630 GMT 14 Jul 96

[Interview with Foreign Minister Ricardo Alberto Arias by Luz Maria Noli; place, date not given; from the "Dialogue" program — recorded]

[FBIS Translated Text] [Noli] With us today is Panamanian Foreign Minister Ricardo Alberto Arias. We will discuss with him the talks all the political parties are and will be holding up to next week.

What do you talk about when you meet with political parties? What do you tell them?

[Arias] [Begin recording] First, I begin by recounting to them the events that have occurred over the past few months since discussions on the possibility of U.S. forces remaining in Panama began in mid- or late 1995. This topic came up to some degree as a consequence of Panamanian President Ernesto Perez Balladares' visit to Washington. We discuss his meeting, the events that occurred during it, how a date was established to initiate exploratory talks, how these talks were canceled, how the economic study was prepared and discussed, and the contacts that have been made in one way or another with the United States on this topic. In general terms, this information has been made public because it has been disclosed in one way or another; it just has to be placed within context as a whole. Then I ask for the opinion of various party members, not necessarily for an official

party opinion, on how they believe this process should be handled. This will allow the Panamanian Government to know of the opinions of the political parties as well of other groups, which we will meet with later, before the Panamanian Government takes over its responsibility of making a decision on how to continue. It is a matter of gathering the largest amount of information possible before the government makes a decision on how to continue.

[Noli] What do you mean by the expression: within context, when you narrate the events?

[Arias] By the expression: within context, I am basically referring to analyzing as a whole what has occurred instead of looking at the information that has been disclosed in bits and pieces. I believe that when we look at some information as a whole, it suddenly deserves and requires opinions that differ from those being made little by little during various months. When I use the expression within context, I am referring to the sum of the events, because, in my opinion, this alone allows for varying opinions.

[Noli] You say: We are carrying out these discussions with the political parties before we meet with other groups. Who are the other groups?

[Arias] This should obviously be brought before labor unions, business groups, academic groups, and other sectors of society. This consultation should be made extensively and in depth. The process itself will tell us how far we should go and when the government will perceive it has received enough information, because it is not a matter of delegating to others the government's responsibility of making appropriate decisions; it is a matter of enlightening the government as best as possible on the opinion of other Panamanians.

That opinion can often be collected from newspaper articles, official communiques issued by political parties, and television interviews. I have always maintained, however, that we perceive in these direct talks subtle feelings, emotions, and more precise details about one position or another than can be obtained through other means; this is the reason for this process.

[Noli] Government opponents say the federal government has started these talks at this time because there is an undetermined amount of pressure from certain, if not all, sectors of the U.S. Government. Very candidly, does such pressure exist?

[Arias] First, allow me to say that I said on several occasions months ago as ambassador to Washington that, in my opinion, Panama should make a very broad consultation on this matter before starting a more formal process with the United States, before resuming

exploratory talks, before deciding whether we should start a negotiation. The president of the Republic and I have maintained this position for months; we are not advocating this now.

I do not feel there is any international or U.S. pressure on Panama's decision. U.S. media have referred to an urgent need to resume exploratory talks for the past month. We have clearly told U.S. officials that it was essential for Panama to start this process, that we would not accelerate it, and that we could by no means sit down with them in any formal negotiations until we complete this internal process.

I think the internal negotiations among Panamanians, the internal discussions among Panamanians are as important or more important than the very negotiations or talks we will hold with the United States; thus, for me this phase, which, I repeat, was contemplated a long time ago, is an initiative of Panamanians and the government, and it is strictly necessary to ensure the success of this process regardless of what its fate may be.

[Noli] If this position is nothing new, why broach the topic now when there are so many national problems? If this topic is nothing new, why bring it up now when it seems we are confronting so many other problems? I am not just talking about political problems but, rather, the problems in Colon, the call for civil disobedience in Colon, problems in the Gno-be-Bugle Zone, among others. Why do this now?

[Arias] We will have domestic problems always. Months ago, it was the reforms of the labor code, and in the future I am certain we will be confronting another situation that will cause problems, domestic commotion, or domestic discussions. I believe we should separate this issue from those conflicts that will continue to appear for one reason or another. We must continue this process with seriousness and not mix it with partisan politics. I believe this issue has very important, national significance that affects all Panamanians, not just this administration and the next administration but, rather, our future; thus, it should be separated from partisan politics and from the various controversies that could emerge at a national level at any time.

[Noli] Panama is listening to all opinions to see whether it can reach a consensus and proceed to establish the official, Panamanian position. I have gathered, however, from fragmented news reports on the talks you have held with various political parties what appears to be a U.S. position in the sense that the bases would reportedly be... [pauses] remain, and we should be happy they

would remain here. Is this position, which I hear on television, an official, U.S. position?

[Arias] The United States has officially voiced its interest to remain in Panama beyond the year 2000; this is no longer the position of one official who disagrees with another official. The U.S. Government already has adopted an official position in this regard; that is their position. We must now establish our own. I would like to reaffirm that the government must assume its responsibility. This process does not mean the government will delegate its responsibility with all the merits or risks handling this negotiation could entail.

The goal is to ensure that the government listens to as many opinions as possible from the various segments of our society before making a conscientious decision about that position. The word consensus is a matter of concern, because it is obvious there will be no consensus on this issue. This topic is a very sensitive one that reaches Panamanians' souls. There will be varying opinions that will not change; there will be favorable and differing opinions that will not change. The government's responsibility is to listen to such opinions and to make a Panamanian decision regardless of what the U.S. opinion may be.

[Noli] I would like to know a little bit about the U.S. position. You just told me the United States has already told you its official position. The United States would like to remain in Panama, but in exchange for what?

[Arias] They also have told us the following: They are interested in remaining in Panama, but this interest is valid only if the Panamanians also want them to remain here and only if Panamanians understand that their presence here is beneficial for us. They have reiterated this position. Every time they talk to us about their interest, they reiterate the other part. We are not talking about a request they are making, about an imposition of theirs. They have told me on repeated occasions the agreement would not be reached if Panama, for A, B, or C, reasons is not interested and does not understand the benefits of their stay here.

[Noli] As for the permanence of the bases, there are radical positions, from those who say: Not one more day, the Americans are definitely leaving, to those who say: It would not be advisable for them to leave, because the Japanese believe to a certain extent the permanence of certain U.S. bases here is healthy for the entire hemisphere. How could you reconcile these positions? How could you arrive at a responsible decision with these emotional groups or these commercially oriented groups, including those who say Panama must maintain its image before other nations?

[Arias] Bearing this complex situation in mind, we must say our entire history will be determined by this decision. Our entire relationship with the United States, with its virtues and defects, its ups and downs, and its violations of our national dignity, is all a part of this process. We cannot forget about these things. We must also bear in mind the return of a huge amount of land, buildings, and facilities; we also must bear in mind the loss of a series of jobs and income for the nation. We also must remember that we must give those areas being returned to us a short-term use.

All this is part of the decision. We must bear in mind the perception the various countries may have of the situation in Panama, of Panama's future, the management of the waterway, and the manner in which this perception could invite them to invest in our country or not. All this is part of our reality and makes the decision very complex, but the fact that it is complex does not mean we can avoid it; it is up to the government to make that decision. What we want people to know is that we are aware of the complexity, sensitivity of the situation and aware of the different variables, which we cannot simply add or subtract, but we feel them in our soul, if you will. Thus, I believe it is very important to enter into this internal dialogue before we can make that decision, which will be a responsible one, I assure you.

[Noli] The political parties in all countries, not just in Panama, have lost a great deal of credibility. Political parties appear to be institutions or instruments that have been overwhelmed by the people themselves. To what extent do you value the meetings you have been holding with the leaders of all these political parties, and how are you going to know that what these gentlemen are saying is exactly what the people are feeling?

[Arias] What we call the discredit of the political parties is a real phenomenon in Panama. Strangely enough, it is also true in many other parts of the world. It is strange to see that in an environment in which democracy is emerging as a government means and is growing, the political parties, the vehicles for the decisionmaking process of all democracies, are losing prestige. That is a strange phenomenon we see not only in Panama but in the rest of the world as well. Because we are aware of that point and because the government is aware of it, we intend to hold these conversations beyond the political parties. I do not want to take away the merits of the political parties by saying this. Democracies without political parties do not function; at least, I do not know of any means to make democracies function without political parties. There are forms of people's organizations that transcend the political parties, the reason why it is also important to consult those other forms of people's organizations.

[Noli] When we talk about those other forms of people's organizations, what are we talking about? Are we talking about labor unions, civic groups? What are we talking about specifically?

[Arias] Definitely labor unions. There is a labor union in particular that will be adversely affected by this process, and I believe it must be taken into account, but I believe labor unions in general must have an important participation in this issue. I am talking about business groups, academic and student groups, and other groups in society that are very difficult to determine at this time.

[Noli] How much time are we talking about?

[Arias] I have not established a time frame, but we are definitely talking about weeks and perhaps a few months, at least.

[Noli] This is exhaustive work, however. As far as I have seen, you meet in the morning with one group and with another in the afternoon. How much longer will this continue? When are Panamanians going to.... [pauses] The reversion of the Panama Canal and decisions of these kind must be made something like the day before yesterday, because we are under great pressure. I heard Legislator Gloria Young say the day you met with the Papa Egoro party: reversion first, and then we are going to decide. I do not think these matters are black and white. We have many gray areas. We are going to have to make a decision at some point and are not going to wait until the year 2000 to decide.

[Arias] Allow me to attempt to clarify this matter. This process is one that will continue throughout the negotiations if they do in fact take place. What Panama must decide now and what the government must decide now is whether it must reinstate the exploratory talks now and enter a negotiation process with the United States. I am going to consult on this matter as much as possible.

It is, in fact, an exhaustive process. It will require many meetings, but I believe that is strictly necessary. It does not end there, and these meetings I am holding with the political parties will be the only meetings we will hold. I believe this process will require many other meetings, more so if we reinstate the negotiations. We realize we cannot negotiate in public and on television. The negotiations must be held privately, but we must provide the greatest amount of information possible to the public.

The talks must have a greater openness. This process is long and difficult, and it is much more difficult because we suffer from a generalized mistrust in Panama. It is a reality, and we must face it and conduct ourselves within this reality. I hope time will help us avoid or

improve on that level of mistrust, but I am aware it does exist. Our next decision, which must be adopted in the next few weeks or months—and, I repeat, I am not setting time limits—will take a longer time if necessary. It is obviously not a process of years. I agree the negotiation is difficult, complicated, but I believe it is strictly necessary to conduct this process.

[Noli] Now that you are having... [pauses] I do not know if when you are a foreign minister... [pauses] because this does not occur at least when you are a news director, does it? I cannot take off my jacket as news director and then put on my jacket as Luz Maria Noli. I believe that everything is linked to some degree. I do not know, however, if this is possible when you are a foreign minister. Do you have a personal perception that you could share with me, not as the foreign minister's official position, on a possible general tendency regarding these talks? What happens during your meetings with the political parties? What do you perceive?

[Arias] I perceive a reflection of what is occurring within our society. This topic goes far beyond political parties, the government and the opposition groups, business associations, and labor unions. What I mean is that there are individuals within the government who are in favor of continuing negotiations while there are those who are against it. The same occurs among opposition groups, labor unions, and private sector. This is great because we observe that this topic lives within each Panamanian's soul. This topic should not be handed over to political or civil organizations. During these meetings, I perceive different positions among the various social groups and political parties.

Now I am not asking a political party to either take an official position in this regard or to support what we are doing. I am asking for information, for enlightenment. This, I receive from each individual. I gather this using political parties as a base because this is the organization they have, but the same could be done with a group of people without using any label. We will see that the same will occur with that group of people just as it is now occurring among political parties and society in general.

[Noli] On such a sensitive topic like this one, which evidently provokes so many divided opinions, how will you accomplish the magic trick of preventing people from feeling that they were ignored after having been consulted? This is, in fact, a great risk, don't you think?

[Arias] Yes, and this is a topic that we should understand very clearly. To consult does not imply heeding such recommendations. Finally, it is the government that is responsible for making a decision in this regard. Just as I

do not ask for support, I do not give up the responsibility of making a decision. I make this warning when we meet that what I am doing is gathering information and opinions, but the responsibility pertains to the government along with the risks and benefits involved. This is a very serious responsibility that pertains to this government, since it is ruling at this historic time. Believe you me, this is not a responsibility you would like to have [laughs] or take lightly. It is a great and delicate responsibility, which involves many emotions.

[Noli] Dear television viewers, we will be back in a moment. We will see the Foreign Ministry's role, particularly now that Panama's reputation is covered by every international media. We will be right back.

Television viewer friends, this is "Dialogue." We are talking with Foreign Minister Ricardo Alberto Arias. Mr. Arias, Panama has grabbed recent newspaper and television headlines and, unfortunately, not in a favorable light. What kind of effect does this have on the Foreign Ministry's efforts?

[Arias] Obviously, whenever the media reports on a country's problems with money laundering or drug trafficking, with or without government implication, a negative perception is created in the international arena. To a certain degree, it complicates the efforts to promote investments or carry out international negotiations. But we must live with that fact. It just makes our efforts a bit more difficult [pauses]. But it is more important to tell the truth. Panamanian efforts to control drug trafficking and money laundering are recognized, well-known, and reported by the international media. We can only continue with our duties and efforts, and be hopeful, as I am, that we can iron out any new incidental problems as they arise by following that path.

[Noli] I am Panamanian and proud of it. I am not a second-class citizen, Mr. Foreign Minister. Some countries, however, view Panama as a convenient country, a convenient flag. On this very network recently, I believe on Tuesday, the evening newscast carried a brief report, perhaps one minute and 19 seconds long, which mentioned a man whose name was included on a list that was published by the newspaper LA PRENSA. I believe his name was Specht. Under the protection of a Panamanian corporation, he sold illusions by offering a stretch of land he supposedly bought in Chiriqui, province of Panama, called Puerto Brujas or Punta Brujas. I refer to it as selling illusions because he sold things that, according to international agreements, cannot be done, except under very special circumstances. I then wonder, sir, about the consequences of a serious effort, at any given time, to fight money laundering or drug trafficking and the idea that Panama is viewed as a flag of convenience,

an accommodating country, a country for tax evasion, where anything can be done. I think there must come a point where these things are in direct conflict with the image of seriousness and probity that we now wish to [pause] convey, or not, to other nations. We are a serious nation, and we assume our responsibilities seriously.

[Arias] The cases in which individuals have tried to make a mockery of people's trust by selling nonexistent assets or by offering services that they later fail to deliver is not just a Panamanian problem. You may recall the well-known case of the Brooklyn Bridge in the United States. It has been sold many times, and people joke about it by saying that they are no longer selling that bridge, but will sell some other bridge later. This problem is found in the business world. Unfortunately, it is hard to stop these individuals and even more so as a group. We must stop these persons on an individual basis as they break the law. But let us keep something else in mind, Luz Maria, what has happened in this modern world is that the service-oriented and open societies have been deluged with the issue of drugs and money laundering from drugs. Decades ago, the international financial centers or corporations were used by individuals whose countries banned them from possessing foreign assets or exchanging local currency for hard currency. Maybe they were trying to evade taxes. These financial centers, which exist in other places besides Panama, protected these illegal, if you will, activities. It happened to the British financial center. The United States was also used for this purpose, not to mention places such as Liechtenstein and the British Isles.

[Noli] And Switzerland too.

[Arias] Yes, the ciphered accounts in Switzerland. With the advent of drug trafficking and the laundering of money stemming from it, and the need to protect ourselves — I am not talking about economies but about humans — from the impact that it causes, the world changed considerably. We have to be much more prudent, much more responsible, much more careful in how we handle those financial centers, and those service centers. I do not think we ought to eliminate them, because there are many countries, not just Panama, that depend on them for their subsistence, especially poor countries lacking in great natural resources, and that have relied on the ability of their citizens to create these mechanisms automatically. We have to become much more responsible in how we handle them.

[Noli] Why should the rest of the nations believe that we, who at this time do not seem to be very good at handling ourselves internally, since we are always

squabbling and having problems that are serious for us from our vantage point, that we, who seem to have so many difficulties to moving onward... [pauses] How are we going to tell the rest of the world: Look, we are not currently able to, but we will manage the Canal. I feel there is not much coherence there.

[Arias] It is not easy for a commercial world to have faith that a small country, as ours, can handle responsibly an international public service of the magnitude of the Panama Canal. I do not think we have to ask the world for an act of faith. What we must tell them is to look at what we are doing in that process. I think we are handling the Panama Canal's transition process with a great deal of responsibility and effectiveness. I think the decision to handle the Panama Canal aside of our conflicts and internal policies is widely accepted by Panamanians. I think the appointments by Panama of Gilberto Guardia as the Panama Canal administrator and Alberto Aleman as the new administrator reflect the restraint and seriousness with which Panamanians are handling the topic of the Canal. As they see specific facts of how this is being handled and the law we will implement, they will get to have confidence on what we are doing.

Panama has to rise over its internal conflicts and understand that the benefit that we may draw from national development for Panamanians, which is what ultimately counts, lies on the seriousness and restraint with which we handle that entity step by step.

[Noli] There is something I cannot fully understand. Human beings are creatures of habit. You have just told me that Panama has to rise over its internal conflicts, and I fully concur with you. I think we have reached the moment in which we have to say we are a nation, a country of serious people. But, this is a radical change, because we remain the same Panamanians, with the same happy-go-lucky, tropical, sentiment, or as someone who once sat in front of me said: with somewhat of a Caribbean sense of life. How are we going to succeed with a little sentiment of national pride in rising over what is happening? I find, and you will pardon me, a sentiment of frustration among Panamanians. Now, you are telling me quite the opposite. How can you make the change?

[Arias] True, we remain the same Panamanians and will remain so in the future. We are not going to change; we are not populating this country with different kinds of citizens. We are facing different circumstances, however. The changes taking place in Panama, the complete integration of our territory, the transfer of the Panama Canal, the taking over of the responsibility of handling this international public service, represent

circumstances that I think Panamanians are becoming aware of. I think we will really rise up. I honestly feel a great deal of confidence in that; we are going to rise up to the challenge and succeed in handling that topic outside of our day-to-day activities. That does not mean our day-to-day activities will change! The same kind of conflicts and reasons we have had until now will continue. But we will handle the Canal apart from our partisan politics and day-to-day conflicts.

[Noli] Mr. Foreign Minister, are you listening to what you are saying? I feel that what you are saying is extraordinary. You are saying: Here are all of us, with all our pettiness and problems, and here is the handling of the Panama Canal.

[Arias] We have done that to date. To date, we have been doing that. Panama, in the midst of its conflicts, has been able to appoint two excellent Panama Canal administrators. The two of them are removed from partisan politics. The two deserve the respect and confidence of the broadest sectors of society.

[Noli] Allow me to interrupt you, in a display of discourtesy, but the Panama Canal has never had the operational problems it has had until this time.

[Arias] The Canal's operational problems are the result of two causes. First, they are caused by the increase in traffic due to an increase in world trade, among other things stemming from the collapse of the Soviet world, the opening of markets, and the emergence of China. Those things have augmented world commerce in a way that totally surpassed expectations. The Canal... [pauses] One understands that the delays in the Canal are caused by a traffic that is much higher than in the past. It is not that the same number of ships are going through much slower. The Canal has been breaking traffic records for the past three years. The Canal is making significant expansions on its internal system to facilitate that increased traffic. It is not that the Canal in itself is having problems; the thing is that traffic has increased way beyond... [pauses] In addition, there has also been an increase in the size of ships.

[Noli] You know something, I should now cite someone, and that is Danilo Toro who wrote an article for a local newspaper. Toro stated in his article, and do not hold me liable since I did not write the article, that the Panama Canal could face a fate similar to that of the Panama Railroad. He said that the canal is a type of science or knowledge, which has been passed on from one generation to the next. But Panamanians have no access to it, because only U.S. citizens still hold the top managerial positions. He also pointed out a few other things. Mr. Foreign Minister, to what extent — and I know that you are not a specialist on canal matters, but

this falls under your authority — are Toro's statements true? He also stated that an assessment committee has completed a study, which has not been made public.

[Arias] You have touched on three topics. First, the topic of the railroad and the Panama Canal. I am not a specialist on Canal matters, much less on railroad matters [laughs]. But those who are knowledgeable realize that what happened to the railroad is totally different from the Canal's situation. The railroad was not a profitable operation. The U.S. Army, and the canal to a certain extent, had it running and subsidized it. Two things changed when the railroad was turned over to Panama. First, the U.S. Army stopped using the railroad. Second, by stipulation of the canal treaty, we were forced to maintain an itinerary of train service for cargo, and especially passengers, which was not met by demand. Why? Simply because it was a subsidized operation. Then what happened? They stopped the subsidy, and so it failed. The Canal, however, is a profitable and productive operation. In addition, the railroad did not undergo a transition process like the Canal has. The situations of the Canal and the railroad are different, and I believe we should not compare the two.

Second, on the subject of canal officials, 90 percent of Canal workers are currently Panamanian citizens. Granted, the administration is a different case. It is true that U.S. citizens still widely hold the top administrative positions. I believe it is now 50 percent or 55 percent U.S. citizens. But to me that is not the main problem as the situation stands, and we do have a serious situation. The most serious problem, for me, is the number of Panamanian and U.S. workers who will be up for retirement before the year 2000. There are the two cases. I believe that our most important task at this time is to replace these people promptly or keep them working for a prudential amount of time ahead. The changes in the canal's administration should not take place in the year 2000. They should take place sooner so that no major change is noticeable in the year 2000.

Let me put it this way, Luz Maria: I believe that the Panamanization of the canal neither begins nor ends in the year 2000. This process began many years ago and it will continue afterwards. In addition, the Panamanization of the canal goes far beyond the mere employment issue. It constitutes the integration of the canal into our economy so that it becomes truly useful and beneficial for the large majority of Panamanians, particularly the most needy.

Yes, a study was recently conducted by the U.S. Corps of Engineers, which constructed the Panama Canal, along with a group of Panamanian architects and en-

gineers, who were lead by Alberto Aleman, including Roberto Roy, Engineer Ng, and Moises Castillo. They went step by step along with the U.S. Corps of Engineers to make an evaluation first of the canal's physical facilities and then of the project to improve the Panama Canal, including possible technical improvements to the Panama Canal operations. This project has just been given to the board of directors. I believe that this project has not been made public yet because it has just been completed. I am confident, however, that it will be made public for this would be very convenient. I believe that what has been done in this regard has been very positive. There exists the need to undertake a number of maintenance works, which are being done, to expedite a number of improvements to and expansions of the canal, and to recommend changes in the canal management itself.

[Noli] Is the science or technology of the world's eighth marvel, which is the Panama Canal, written down or is it passed on by word of mouth as it was done in ancient times?

[Arias] We will start by saying that the canal constituted a marvel at the time it was built. It is no longer a marvel today. Neither does it have a mysterious technology. It is a canal that operates basically with a mechanical force, not even with hydraulic force. I understand that all of this has been very well documented, probably much more so than any private or industrial enterprise. Frankly, however, I do not directly know these documents, although it is my understanding that everything has been very well documented.

[Noli] Dear television viewers, we will be right back with Foreign Minister Ricardo Alberto Arias.

Dear television viewers, this is Dialogue. Here with us is Panamanian Foreign Minister Dr. Ricardo Alberto Arias. For a while, the Foreign Ministry seemed to be more like an investment promoter than a foreign affairs ministry. We traveled throughout the world and we showed what Panama had to offer. And this is nothing new because other countries in this hemisphere did exactly the same. To what extent does the Foreign Ministry continue enforcing the policy of saying: Hey, look, here are a countless number of opportunities. This is a wonderful land where anything could be done to help Panamanians and investors.

[Arias] Let me begin by saying that although sometimes the Foreign Ministry's actions seem to be cold and faraway from the individual human being, I believe that all of the government's activities, even at the international level, should be aimed at improving conditions for the individual Panamanian as a human being, including education and living conditions. This should

always be our goal during our entire process. The Foreign Ministry's purpose in promoting investment was to take advantage of this ministry's offices worldwide to promote this... [pauses] to promote Panama, to attract investments, to prevent unemployment, and to improve living conditions for Panamanians. Therefore, we established here in Panama the Pro-Panama [National Commission for the Promotion of Investments] group. This was, in my opinion, a bright idea of former Foreign Minister Gabriel Lewis Galindo. This will make it possible to undertake a great campaign because we will not only have a promotion office here, but also at the various Panamanian embassies worldwide. This means that the Foreign Ministry will continue doing this task that always guided former Foreign Minister Lewis Galindo's work, which I believe was truly creative, and significant in this field. We will continue doing this with great enthusiasm, always having as our goal to improve conditions of the Panamanian people.

[Noli] This is not an official question. However, that now that we have mentioned this, it would be good to ask: How is he doing?

[Arias] He is doing better. When he was recently here, he was in fact engaged in more activities than the physicians had advised him. He had a relapse when he returned to the United States, but he is doing considerably better. He is about to overcome this crisis. Unfortunately, his health condition will force him to slow down his work activities. This, I restate, unfortunately forced him to leave the Foreign Ministry. Nevertheless, if he succeeds in limiting his working hours, which I am sure he will, he will overcome this situation.

[Noli] When the government decided to actively engage in promoting investments, I recall that the Panamanian president's first official trip was destined to visit Japan, Taiwan, and the Asian region, right? He also went to Manila if I recall correctly. The second phase was to Europe. Has there been any specific results from any of these two initiatives?

[Arias] Look, there have been many specific results, particularly from his trip to the East. His trip to Europe was more recent. As a specific result of the trip to the East, we successfully brought and established the Evergreen-run port here. This is a significant investment. The processing zone in Fort Davis is in the process of being established. However, these matters are slow at first, but they become faster as investors arrive. We have obtained important financing from Korea and Taiwan. Above all, we have stirred up interest in the transition process and the future of the Panama Canal. People are becoming more aware of what Panama is doing in this

regard. Therefore, I honestly believe that this trip was very fruitful. These trips are not to be made once only; obviously, we should go back to maintain a relationship. Additionally, we are interested in getting many investments from Korea because it has and it is largely promoting foreign investment. The EU has shown great interest in Panama. Various European delegations have come here to discuss not only the topic of the canal, but also direct investments. A group has been established among Panamanian and European businessmen to bring investments to Panama.

[Noli] It amazes me that Panama maintains relations with Asia, specifically with Taiwan and the PRC. What are the current situation of these relations, particularly if we take into consideration that the PRC, which is a somewhat dormant monster that has taken its first steps in the economic world of globalization and has altered all of the world's economic systems? [laughs] What can we say if two out of every three citizens are Chinese? What are we talking about? That country's population is so important. That country's capability is so unimaginable! How are we faring amid this situation that seems to be irreconcilable?

[Arias] In order to promote good international relations, these should have common interests. And we have successfully maintained common interests with both Chinas. We have historic ties with Taiwan. We have diplomatic accreditation in Taiwan, which have largely cooperated with us not only now, but throughout history. Nevertheless, the PRC also has interests in Panama and we also have interests in that country. Our commercial ties with Hong Kong, which will become part of the PRC next year, are enormous. Regarding the use of the canal, a very large number of Chinese vessels transit in it. The PRC is a very important client not only because of the use by vessels under the Chinese flag, but also by Chinese commercial vessels. We have reached an agreement with the PRC to establish an office for commercial purposes and for Secnaves [General Directorate of Consulates and Ships] in Beijing and in Shanghai as well as a commercial office in Hong Kong after it becomes part of the PRC. They are aware of our interest in having commercial activities with them. They are interested in having ties with Panama because of their interest in the Panama Canal. As long as there are common interests and these are managed very frankly and honestly with everybody, matters may work out. This is what we are doing with both Chinas.

[Noli] Mr. Foreign Minister, thank you very much for having been with us, and for having shared your time and your ideas with us, and with TVN television viewers. [end recording]

Panama: Students Protest Government Policies on U.S. Bases

PA1607131196 Panama City Circuito RPC Television in Spanish 2300 GMT 15 Jul 96

[Report by Alexander Calderon; from the "RPC Television News" newscast]

[FBIS Translated Text] Panama University students from the groups Transforming Thought and Action Movement, PAT, and Student Renewal Project [Proyecto de Renovacion Estudiantil — PRE] at noon closed the Transisthmian Highway to reject government policies.

[Begin PRE leader Javier Viquez recording, in progress] ...grants, free of charge, Howard Military Base for an International Center Against Drug Trafficking. The foreign minister later ratified this. We see the intentions that today it is Howard, tomorrow it will be Sherman, the day after tomorrow will be Rodman, not to mention Galeta Island. The U.S. Government plans to keep these four military installations here, and the Panamanian Government does not seem to raise any objection to this. This is regrettable.

We are also protesting over the reduction in the size of the territorial sea. This is not only a reduction in territory, this implies that Panama will lose natural and marine resources. [end recording]

During the demonstration, the students burned a vehicle belonging to the Agriculture and Livestock Research Institute of Panama, IDIAP, with official license plate

number 003920. This vehicle was driven by National Police officers.

[Begin PAT leader Arturo Trelles recording] This incident occurred as three policemen traveled inside the vehicle, minutes after we closed the Transisthmian Highway. Two companeros were blocking the road at the Social Security Fund hospital, when the three policemen arrived and the incident ensued. [end recording]

In the meantime, high-ranking university authorities visited the area of the demonstration to assess the events, and it was reported in the next 48 hours authorities will adopt disciplinary measures.

[Begin recording] [Panama University Rector Gustavo Garcia de Paredes] University students can demonstrate but there are ways to do so. We will not allow third parties continue to be affected.

[Unidentified reporter] A state-owned vehicle was set on fire. What measure will be adopted?

[Garcia de Paredes] That is a serious measure because this vehicle belongs not only to the state, but also to a research center, namely IDIAP. This center promotes research to be able to overcome underdevelopment. [end recording]

After being closed for more than three and a half hours, the students withdrew from the area to allow for the passage of traffic, and the remnant of the burned vehicle was looted in broad daylight.

Argentina

Argentina: Menem Departs for U.S., To Meet Clinton 19 Jul

PY1707033296 Buenos Aires TELAM in Spanish 0216 GMT 17 Jul 96

[FBIS Translated Text] Buenos Aires, 16 Jul (TELAM) — President Carlos Menem departed for the United States this evening. During his three-day state visit to the United States, the head of state will meet with U.S. President Bill Clinton in Atlanta — which is hosting the Olympic Games — on 19 July.

Menem left for the United States at 2304 local time from Jorge Newbery Metropolitan Airport aboard a private Gulfstream IV-type plane bearing license number LV-WOM. The president was accompanied by an entourage comprising his daughter Zulema; his private secretary, Ramon Hernandez; his personal doctor, Alejandro Tfelti; and businessman Mario Falak.

The aircraft will make a stopover in the Colombian City of Cartagena.

The president will arrive in Chicago tomorrow morning, the first leg of his tour of America, and on 18 July he is scheduled to travel to Atlanta, where he will meet with his American counterpart Friday during the opening ceremony of the Olympics.

Argentina: Defense Minister Submits Resignation

PY1607234396 Buenos Aires TELAM in Spanish 2326 GMT 16 Jul 96

[FBIS Translated Text] Buenos Aires, 16 Jul (TELAM) — Chief of Cabinet Jorge Rodriguez said tonight that President Carlos Menem will consider the resignation submitted by Defense Minister Oscar Camilion this afternoon after he returns from the United States.

In a brief statement Rodriguez said that "the president informed me that he received Minister Camilion's resignation and that he will consider it after he returns from the trip he starts today," the chief of cabinet said, stressing that "for the moment Camilion continues as defense minister."

Argentina: Explosives Shipped to Ecuador Through Chile

PY1607225996 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1509 GMT 16 Jul 96

[FBIS Translated Text] Buenos Aires, 16 Jul (NA) — Argentine Ambassador to Chile Eduardo Iglesias said today that he asked Foreign Minister Guido Di Tella for information on a cargo of explosives that was allegedly shipped to Ecuador.

According to the report published by various Chilean news media, the explosives left Argentina and stopped temporarily at the Port of Santiago before they were shipped to Ecuador.

The Argentine diplomat told a Buenos Aires radio station that the "important" volume of explosives was carried "in a number of trucks with containers." The ambassador added that "apparently it was a private deal."

"I have asked for information from the Foreign Ministry despite the fact that it is a private matter and those in charge do not have to make any official report, and because of the concern stemming from the problem," Iglesias said.

The ambassador realized that "the news provoked concern because of the volume of explosives that was being shipped," although he stressed that "everything is under control."

The existence of the Argentine shipment of explosives to Ecuador created concern in official circles as a consequence of the conflict caused by the traffic of arms to that country allegedly carried out by Military Industries at the beginning of 1995.

The investigations carried out by Federal Judge Jorge Urso ended with the indictment of a number of military officers and placed Defense Minister Oscar Camilion in a difficult situation.

Regarding the alleged tension that the shipment through Chilean territory reportedly provoked, the ambassador said that "Chile is a mining country and the movement of explosives through Chilean roads is something usual."

Referring to the current status of the shipment that is being sent to Ecuador, Iglesias said that the cargo "already left Santiago," adding that "according to local newspapers, the explosives are outside the port of San Antonio. They are being loaded onto a ship and on 20 or 21 July the ship will depart for Ecuador."

Argentina: Judge Wants Camilion's Immunity Removed

PY1607185596 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1554 GMT 16 Jul 96

[FBIS Translated Text] Buenos Aires, 16 Jul (NA) — Within the investigations into alleged irregular arms sales to Ecuador, Federal Judge Jorge Urso has asked Congress to remove Defense Minister Oscar Camilion's immunity.

The judge filed this petition in keeping with a request by Government Attorney Carlos Stornelli who recommended this measure to question the defense minister on the shipment of arms to Ecuador during its war with Peru.

The charges that would be pressed against Camilion would involve "concealment" and "compromising our nation's peace."

Beside the petition to remove Camilion's immunity, Urso will also send the defense minister's records on this case for the Chamber of Deputies Impeachment Commission [Comision de Juicio Politico de la Camara de Diputados] to review them prior to a decision.

Argentina: Iranian Embassy Rejects Claim on Bombing Ties

PY1507212896 Buenos Aires CLARIN in Spanish
13 Jul 96 p 9

[FBIS Translated Text] On 13 July the Iranian Embassy decried the "accusations leveled by the Jewish community" on the involvement of members of that diplomatic mission in the AMIA [Argentine-Israeli Mutual Association] bombing, describing them as "repetitious and irresponsible." The AMIA bombing's second anniversary will be marked on 18 July.

The Iranian Embassy, through a communique, emphasizes that the remarks made by DAIA [Delegation of Argentine-Jewish Associations] and AMIA leaders "attempt, through their old and empty proposals, to create an atmosphere of blackmail and pressure." The communique also emphasizes that the "misleading hypothesis of Iran's alleged involvement" in the bombing "has significantly discredited the DAIA and AMIA leaders and their leaders in Israel and the United States."

The Islamic Republic of Iran's diplomatic mission emphasizes: "These misleading accusations not only have not contributed to identifying the people responsible, but have managed to conceal the real perpetrators."

The communique noted: "It is better for these (Jewish association) authorities to stop establishing guidelines and obligations for the rest and abstain from becoming involved in affairs and issues pertaining to political relations and diplomatic laws."

Argentina: Discussion of Mercosur Fiscal Controls 96SM0436A Buenos Aires CLARIN in Spanish 27 Jun 96 p 25

[Article by Alejandra Gallo: "Menem Said Fiscal Controls Will Be Negotiated With Uruguay"]

[FBIS Translated Text] San Luis (Alejandra Gallo, special correspondent)—Under the pressure of its fiscal deficit, Argentina raised the subject of tax evasion and money laundering with its Mercosur associates. The subject was present in an informal way during the bloc's 10th summit in Potrero de los Funes. And while it was not noted in the minutes, Carlos Menem confirmed that there were "conversations on that subject" among Argentina, Brazil, Paraguay, and Uruguay.

"The Mercosur countries are working to establish mutual control mechanisms that will enable us to fight tax evasion," the president responded to CLARIN's inquiry.

The possibility that the DGI [General Directorate of Taxation] might have access to registers of Argentine proprietors in Uruguay has been discussed for more than a year, but never has gone beyond intent.

Argentina is burdened with a fiscal deficit of 500 million pesos monthly and is committed with the IMF to close the year with a deficit no greater than \$2.5 billion. The government expects a good collection this month from payments of taxes on income and net worth. Nevertheless, some specialists believe that 1996 will close with a fiscal deficit close to \$5 billion.

No Financial Problems

Highly placed sources in the Uruguayan Government pointed out that "so far, there have been no formal requests by Argentina" to investigate those who prefer to place their assets on the other side of the river. However, President Julio Maria Sanguinetti made clear that he is not unaware of Argentina's intention to increase fiscal controls.

But the Uruguayan Treasury Ministry maintains that Mercosur is not the appropriate place to raise problems of this type and insists that each country should maintain its autonomy.

When Menem was asked about the insistence of the neighboring country to preserve the fiscal confidentiality of foreign taxpayers, the Argentine president—making the gesture of "patience" with his hand—said: "It is a subject that we have begun to study recently. We will find a way to reach an agreement that satisfies everyone."

The Argentine proposal is based on a document that was signed not long ago by the Latin American countries at

the meeting in New Orleans, called by U.S. Treasury Secretary Robert Rubin. A commitment was signed at that meeting to conduct fiscal investigations between the various countries, for the purpose of preventing the laundering of money from illegal activities. But the interpretation of the agreement is so broad that it would lend itself to investigations of ordinary taxpayers.

The resolution is so ambiguous that Uruguay bases its position on the same document. The justification is in a clause that provides conditions for the collaboration of national legislatures. In Montevideo, the law permits "flexibility and even the removal of bank secrecy," as long as an Uruguayan judge decides that it is worthwhile to disclose financial secrets.

In fact, bank secrecy is not inviolable. And many judges gain access to confidential economic information in divorce cases.

Argentina: President Defends New Economic Measures

PY1607030796 Buenos Aires TELAM in Spanish
2105 GMT 13 Jul 96

[FBIS Translated Text] Anillaco, Argentina, 13 Jul (TELAM) — President Carlos Menem said today that the measures announced on 12 July by Economy Minister Domingo Cavallo in order to reduce the fiscal deficit will strengthen the economic plan and prevent a higher degree of tax evasion.

"These measures seek to strengthen the (economic) plan and correct some deviations. They permit us to prevent a higher degree of tax evasion," Menem said.

Menem talked with reporters shortly before departing Anillaco for La Rioja, from where he travelled to the federal capital.

The president said the decision to eliminate family allowances for people earning more than 1,000 pesos which was announced by Cavallo "will give us a chance to increase the family allowances of people who earn less."

Menem said that his meeting with Labor Minister Armando Caro Figueroa this morning was really only a short visit.

"We spoke casually about the measures, which will be successful because they will give us a chance to give more to the most needy groups of our community," the president said.

Caro Figueroa and Social Security Secretary Carlos Torres had been invited to visit La Rioja by Governor Angle Maza. They met with Menem in private for about 40 minutes.

With respect to the measures, Menem said: "Perhaps with higher revenues, it depends, perhaps then (we could assign) more funds to help unemployed people."

The president said that the administration will provide "nearly \$1 billion for rural areas in order to gradually overcome the deficit we currently have and which is not significant because it is less than 3 percent of the GDP."

Menem said "with these measures and others that we will adopt to fight the problem of illegal workers we will overcome the problem of our fiscal deficit by the end of the year, then our accounts will be balanced again, which will be very good for the country."

Referring to his visit to the mine "Bajo de la Alumbra" on 12 July, Menem said it is a way to see "how Argentina grows and progresses, particularly in the field of mining. I am very satisfied" with what I saw.

With respect to his stay in Anillaco, Menem said "we have recovered very well here, in our land, in the company of such nice and beautiful people."

Argentina: Labor Leader Demands Pact Against Unemployment

PY1707015996 Buenos Aires TELAM in Spanish
1959 GMT 7 Jul 96

[FBIS Translated Text] Buenos Aires, 7 Jul (TELAM) — CGT [General Confederation of Labor] Secretary General Gerardo Martinez has demanded that the national government, provincial governments, and entrepreneurs "urgently" implement a social pact as an alternative to prevent social conflicts and in order to fight unemployment more efficiently.

"The Labor and Employment Council is a valid alternative to seek answers in the medium term. The government must start facing workers problems adequately. It must adopt a pragmatic attitude and urgently implement a social pact," Martinez said.

Martinez told TELAM that "this was the only possibility to prevent social conflicts and the deterioration of the situation in many regions in the country."

The labor leader said that "authorities in the labor area must admit that policies implemented by the Employment and Professional Training Secretariat to fight unemployment were wrong."

The CGT secretary general made entrepreneurs responsible "for the lack of action to prevent a reduction of the labor market" and for "being only concerned with making labor laws more flexible."

Martinez said: "Operational areas that manage funds seeking to implement an employment and social security policy are not working as they should."

Martinez said that "the state spends many millions of dollars to implement a network of social benefits," although "a good part of it does not reach the unemployed due to the bureaucracy and inefficiency."

Martinez repeated that "we must implement a social pact as soon as possible. We need a concrete commitment from the national government, governors, and entrepreneurs."

"We signed Fiscal Pact 1 and 2. Now we need to sign a 'social pact' in order to transfer resources to the provinces to save them and to prevent the mass and arbitrary dismissals that occur in many of them," Martinez said.

The labor leader confirmed that the CGT will convene the Central Federal Committee before the end of July "to analyze the strategy that the CGT will adopt, considering that there are some minute internal groups that express their discontent outside of the organization."

"I think it is time for the labor movement to open a grand debate and consciously and consistently evaluate what steps to take in order to face the situation afflicting the working class," Martinez stressed.

The labor leader added that "the possibility of implementing a plan of struggle is still latent," although recognizing that workers "do not want a strike for the sake of a strike. They want solutions through a grand social pact."

Argentina: 300 Kg of Drugs Seized in 1st Half of Year

PY1607024896 Buenos Aires TELAM in Spanish 1830 GMT 10 Jul 96

[FBIS Summary] La Plata, 10 Jul (TELAM) — Approximately 300 kg of cocaine and marijuana and some 500 ecstasy pills were seized during 500 operations conducted by the Buenos Aires Police in the first half of the year.

This announcement was made by the General Directorate for the Prevention of Drug Abuse and for the Antinarcotics Struggle of the Buenos Aires Police, which have also reported that more than 1,000 people were arrested.

The so-called Operation Terron Blanco, in which 40 kg of cocaine were seized, is among the most important procedures. It was conducted on 30 April in the locality of Vicente Lopez.

Five people were arrested on this occasion, and the drugs were found in a shipment of sugar that was about to be sent to Europe.

Bolivia

Bolivia: Free Bolivia Movement Elects New Executive Board

PY1607035196 La Paz Radio Cadena Nacional Network in Spanish 1100 GMT 15 Jul 96

[FBIS Translated Text] Deputy Miguel Urioste has noted that it seems that the old MBL [Free Bolivia Movement] has died, as the world changes.

Acting MBL President Miguel Urioste pointed out that, at the end of the MBL Congress, the MBL members hope to emerge personally renewed, with new beliefs and their minds open to changes.

The deputy said: I hope that, at the end of this Second Congress, the new MBL will have more courage, more boldness, more capacity, and more imagination.

During the Second MBL Congress, the top MBL leaders have been confirmed and a third vice presidency, now occupied by a peasant woman, was created.

Antonio Aranibar, Miguel Urioste, and Juan del Granado were unanimously confirmed by the 600 MBL Congress delegates as president, first vice president, and second vice president, respectively.

The third vice presidency was created. It now is occupied by Tomasa (Yarwi), a 28-year-old peasant woman from Chuqui Chuqui, Oropeza Province, Chuquisaca Department.

The rest of the MBL national executive board members were elected with 484 valid votes and 63 invalid votes.

Bolivia: FELCN Destroys Cocaine Laboratory Near Montero

PY1507234596 Cochabamba LOS TIEMPOS in Spanish 6 Jul 96 p A6

[FBIS Translated Text] La Paz, 5 Jul (ANF) — Special Antinarcotics Force (FELCN) patrols have spotted and destroyed a huge factory producing high-quality cocaine on the road to Montero, some 954 km southwest from La Paz, and 51 km north of Santa Cruz.

FELCN National Director Tomas Asturizaga reported that this has been one of the most important operations in recent times, considering that approximately 300 kg of drugs were produced in this place every week. The drugs were then taken to Brazil and Paraguay. The antinarcotics police found "important amounts" of

precursors, and "liquid water" [as published], the last stage of purifying the cocaine base.

Brazil

Brazil: Cardoso En Route to Lisbon for Creation of CPLP

PY1707003396 *Brasilia Voz do Brasil Network*
in Portuguese 2200 GMT 16 Jul 96

[Report by Antonio Carlos Silva in Lisbon, Portugal]

[FBIS Translated Text] Tonight, President Fernando Henrique Cardoso arrives at the Lisbon Air Base at about 0000, local Portuguese time — nearly 2000 in Brazil — for a one-day visit.

Tomorrow, he will attend the official ceremony creating the Community of Portuguese-Language Countries [CPLP], which will be comprised of Brazil, Portugal, Angola, Mozambique, Guinea-Bissau, Cape Verde, Sao Tome, and Principe Island.

Upon arriving, Cardoso will go straight to the Ritz Hotel, where he will stay during the visit. In compliance with a full agenda for tomorrow, in addition to attending ceremonies establishing the CPLP, the president will discuss the Angolan peace process during a meeting with Angolan President Jose Eduardo dos Santos; discuss annexation of East Timor by Indonesia, in Asia and, together with his counterparts, will receive East Timor representatives.

There will be two ceremonies: One to officially create the CPLP, and the other one to discuss affairs that are common to all CPLP members and possibilities of technical cooperation among them. There will also be a visit to an exhibition of paintings.

President Cardoso returns to Brazil on the morning of 18 July.

Brazil: U.S. Policy on Cuba, Colombia Criticized

PY1607025996 *Sao Paulo O ESTADO DE SAO PAULO* in Portuguese 14 Jul 96 p A4

[Commentary from the "Highlight" column by Jose Casado: "Washington Is Not Moved by Tears"]

[FBIS Translated Text] The United States has again embarked on a campaign to preach ethical and economic principles to Latin American governments. This is the "new" face of the U.S. Latin American foreign policy, which has traditionally been conceived as a projection of the moral beliefs prevailing in U.S. society.

Without consulting with anyone, Washington decided to broaden the innocuous political-economic embargo it has imposed on Cuba for more than three decades with

a view to driving Fidel Castro out of office. The Helms-Burton Law, which President-candidate Bill Clinton signed in March, provides for stiff sanctions for those companies, or their executives, engaging in business deals with Cuba.

At least one company established in Brazil, Souza Cruz, is likely to be a target of sanctions under the above law. Souza Cruz, a subsidiary of the British-American Tobacco company has just set up a facility for exporting cigarettes in the Havana area.

In addition to issuing threats against companies trading with Cuba, since early July the White House has expanded its offensive against Colombia, whose President Ernesto Samper is today a tangible symbol of how some Latin American democracies are vulnerable to the drug trade.

No one has doubts about the source of the \$6 million contribution received by Samper during his electoral campaign — a contribution that played a vital role in his electoral victory. Nor has there been any doubt about his ties with the Cali-based billion-dollar cocaine exporters. The problem is that the Colombian Congress has cleared Samper of these charges. Washington did not like this and it is now exerting heavy pressure, come what may.

Cuba and Colombia are independent countries. What Clinton has really done is, in his bid for reelection, put these two countries on his priority agenda for the U.S. Latin American policy. This means that, within the framework of the U.S. electoral campaign, U.S. relations with Latin America will be dominated by the embargo on Fidel and the isolation of Samper.

This is the classical example of a government using its power to convey ethical and economic principles to its neighbors. In real life, this practice can find sustenance only in the White House's favorite political and campaign premise since the end of the Cold War: Washington has become the capital of the world's "new order."

As we approach the end of this millennium, it has become impossible not to trade with the United States. Similarly, it has become unfeasible for any company or gang to launder \$500 million without going through Wall Street in New York. Thus, the election-oriented impositions bearing upon the U.S. foreign policy are affecting every government, from Tokyo to Buenos Aires.

A conflict has started. The best proof of this is that the foreign ministries of European countries are fully mobilized to jointly alert Washington that they would take retaliatory actions if Washington did not suspend

part of the Helms-Burton Law directly affecting the interests of EU companies.

Brazil has thus far limited itself to shedding discreet diplomatic tears, based on its trite argument that decisions such as those made by the White House against Colombia and Cuba collide with the principle of "sovereignty" of all peoples.

Now, there is much more at play here. The U.S. actions entail a political regression to a time of arrogant U.S. administrations, which viewed and treated Latin American countries as Washington's backyard.

A diplomatic confrontation in this case appears to be a healthy alternative. Brazilian interests and those of its Mercosur [Common Market of the South] partners are directly at stake here. It is not limited to an embargo on Cuba or Colombia's isolation: There is also a long list of trade disputes in which not an inch of progress has been made in the past 10 years.

Itamaraty, which has taken action to obtain the release of Argentine potatoes that could provoke cancer to Brazilian consumers, now has a brilliant chance to take action. This is a crucial problem for Brazilian interests. It will also strengthen Brazil's position as a leader of the world's fourth largest economic bloc, Mercosur. Itamaraty must show competence in showing firmness because Washington has never been moved by tears.

Brazil: Daily Says Samper's Visa Case 'Political Affront'

PY1707014196 Sao Paulo GAZETA MERCANTIL in Portuguese 15 Jul 96 p A2

[Editorial: "Risks Posed by a Political Affront"]

[FBIS Translated Text] The U.S. Government's unprecedented decision to cancel Colombian President Ernesto Samper's entry visa to the United States does not affect the chief executive of a neighboring country alone. It also represents an act of disrespect for a sovereign country ruled by democratic principles, which today are prevalent in Latin America. Although the disagreements between the United States and Colombia over drug enforcement efforts are well known, this fact alone can in no way justify the affront Washington has committed as part of a policy that has been interpreted as an attempt to destabilize the Colombian administration.

As is known, President Samper was formally accused of receiving donations from drug traffickers during his electoral campaign and two of his closest aides have been convicted in connection with this charge. Colombia has been shaken by these charges that could have led to an "impeachment" process against Samper. Yet, the

Colombian Congress cleared him of this charge in June. Since then, his administration has been on the brink of collapsing amid new attacks by his political opponents at home and continuing pressure by the U.S. Government.

We have no means to ascertain the true motives behind the Colombian administration's measures to fight the power drug cartels and to eradicate coca and poppy plantations. Bogota announced tough actions, which have been widely disseminated, but these have not been instrumental in placating Washington. We are wondering — and governments of other democratic governments may be doing this too, especially those from Latin America — whether offending another country would be instrumental in promoting cooperation among drug enforcement organizations at the continental or world level.

This type of action raises doubts because it causes people to confuse criminal activities with national pride. It is reasonable to expect Colombian nationalist factions to use the U.S. action as a pretext to intensify their campaign against the United States, and thus play into the hands of the traffickers. Latin American countries have every right to question the U.S. apparent disposition to police the world and to keep the continent under its suzerainty.

Many U.S. citizens — including politicians, businessmen, and scholars — question their administration's position. Recently, GAZETA MERCANTIL published an article by Alan Stoga, a businessman and a member of the council of Kissinger Associates, who deplored the U.S. habit of formulating its position first and then expecting other nations to automatically endorse the U.S. position, irrespective of its merits. In the specific case of the Helms-Burton Law, which empowers U.S. citizens to file lawsuits against companies that are trading with assets that had been confiscated by Cuba, Stoga considers this law to be indefensible as a public policy. In his opinion, to export a domestic law is a violation of both NAFTA and WTO rules.

It is highly appropriate to raise this subject now in light of the prospect of the Clinton administration adopting economic sanctions against Colombia, following its surprising decision of canceling the Colombian president's visa. These sanctions would bring further hardships upon the Colombian people, who have already endured a stressful life stemming from the atmosphere of violence.

Although Itamaraty has remained silent on the subject, there can be no doubt that the Brazilian position could be none other than rejection of such a malicious attitude, which is out of step with U.S. diplomatic tradition,

and which could no doubt have consequences that may seriously undermine the conclusion of the future Free Trade Area of the Americas (FTAA).

It would not be unlikely for the matter to be taken up before the OAS, in the face of the impact the deterioration of U.S.-Colombian relations could have on the rest of the continent. We hope that the Clinton administration, irrespective of its electoral interests, will have the presence of mind to stop this deplorable incident from escalating.

Brazil: Lampra's Address to War College Viewed, Part I

96SM0442A Sao Paulo O ESTADO DE SAO PAULO in Portuguese 7 Jul 96 p A3

[Editorial: "The Paths of Foreign Policy"]

[FBIS Translated Text] The lengthy speech which the minister of foreign affairs, Ambassador Luis Felipe Lampra, delivered at the War College last week went almost unnoticed even though it contains reflections of the greatest importance not only to those keeping up with developments in Brazilian foreign policy but also to those attempting to discover the executive branch's view of the world as it operates in this period in which there is so much talk of globalization.

Ambassador Lampra made it clear from the start that the objective of Brazilian diplomacy is "build the bridge between our domestic world—from the political, economic, and social point of view—and the rest of the world—in other words, our presence and action on the regional and international scenes." In describing the pillars of that "bridge," the Brazilian minister of foreign affairs takes it for granted that even though the inequalities and differences in national power have not disappeared, "it is undeniable that the borders between North and South and East and West have been broken down." More than that, it is unquestionable that the road to autarky is permanently closed because it is an option that does not follow the "main road being taken in international relations." And that is the point, it being established that North-South and East-West are outmoded categories and that globalization is the new fact imposing itself, which gives the Brazilian foreign minister's speech its importance. It is important because it tackles head-on the issues concerned with the relationship between globalization and sovereignty and globalization and domestic problems. His analysis bears no resemblance to the optimistic talk we hear from people who are careful to praise globalization as though it were the universal panacea: "We cannot be naive enough to believe that the strength of globalization is such that it can reduce or solve serious problems

that have persisted.... It is important that we take an objective and critical view of the phenomenon: it is a reality that we must understand in order to better cope with it." And he continued in a didactic tone: "The risks involved in this new reality are much more closely linked to a state's inability to adapt in order to face up to the new conditions of international competition. *The marginalization brought on by domestic social and economic defects and the inability to compete is becoming a real risk having material consequences and doing serious harm as far as sovereignty is concerned*" (italics added). That message was not intended for the students at the ESG [War College]; it was aimed at those forces in the executive branch, the government-owned firms, and the National Congress which oppose the adoption of measures making competition possible and at those organizations and movements in society which are rallying against our integration into the new world without paying any attention to the harm being done to Brazil as a sovereign state.

It could be said (with due apologies) that Brazilian diplomatic action—always a bridge between what Brazil is and what the world is forcing it to be—is guided by different goals. The first is domestic: to eliminate one of the fundamental factors in our foreign policy—"a primary given in our international integration"—and that is the contradiction between the industrialized and developed Brazil and the underdeveloped and poverty-stricken one. The second is to no longer adopt positions based on what Lampra calls "abstract principlism." Next, to have access to decisionmaking mechanisms, markets, and productive and technological developments—and it is clear that what is meant by the latter is "leading-edge technology." Finally, there is the regional integration—Mercosur [Common Market of the South] and the longed-for South American free trade area—that is gradually beginning to take shape. Those are the goals. The paths leading to them lead the minister into interesting reflections associated not with "national security" options but with options perhaps close to the world view that inspired the diplomacy pursued by Ernesto Geisel's administration, especially its "Europe option," which came after the memorandum of agreement signed between Silveira and Kissinger.

Praise of the Miami summit meeting and its proposals is obvious, since Brazil has been active in giving a positive thrust "to the process of hemispheric integration based on subregional arrangements" (italics added). The focus of diplomatic action is, however, not hemispheric integration but Europe. "Although Europe has been losing some of its relative importance in Brazilian foreign trade and in investments in Brazil, it constitutes one of the foundations of the equilibrium which characterizes our

integration with the world. It is in our interest to maintain and strengthen that balance"—and here comes the significant note—"especially since there are currently underway initiatives such as the planned hemispheric integration which may greatly increase commercial and financial relations between Brazil and the American continent."

Thus outlined is the thrust of our foreign policy—and since that policy is to be the bridge between Brazil and the world, it will help us understand a great deal of what is being done in decisionmaking circles in Brasilia. Provided that there is in fact integration between Brazil's domestic policy and its foreign policy. Tomorrow we will conclude our analysis of this revealing speech.

Brazil: Lampreia's Address to War College Viewed, Part II

96SM0442B *Sao Paulo O ESTADO DE SAO PAULO in Portuguese 8 Jul 96*

[Editorial: "The Paths of Foreign Policy—Part 2" — received via Internet]

[FBIS Translated Text] The address delivered at the War College by the minister of foreign affairs, Ambassador Luis Felipe Lampreia—the analysis of which we began yesterday and are concluding today—makes it clear, as we have already said, that a strategic option has been made in favor of the European Union (EU). It can be said, upon careful reading of the text of his address, that with the North-South and East-West categories having been left behind, problems must be solved in terms of regional blocs. Or better yet—if we consider the Western Hemisphere a "region" (as the Miami Summit tried to do with its idea for a Free Trade Area of the Americas (FTAA))—in terms of subregional blocs.

Europe is a factor for equilibrium in Brazil's relations with the FTAA. Not that it is a matter of "support" by the EU: it is a matter of regarding "reliance" on the European Union as essential—we say again—to prevent the progress made in the FTAA from altering "the situation of relative equilibrium in our international trade in a direction harmful to our interests by removing Europe as our principal trading partner, diverting flows of trade, and concentrating the largest share of our foreign economic relations in this hemisphere."

We should not look for complete consistency between the analysis of globalization and that "Europe option." Much less between the fear of concentrating "the largest share of our foreign economic relations" in the Western Hemisphere and the day-to-day practice that is making Mercosul (Common Market of the South) a "priority area in Brazilian foreign policy" or the intention to turn South America into a wide free trade area. It is not a

matter of consistency between the principles affirmed, analysis of the global situation, and the general thrust of diplomatic action. What we want to avoid is burning our bridges, because the future may be uncertain. And on that point as well, consistency is not the strong point of our position, even though it may be the correct option in strategic terms.

It is not just the fear that the FTAA will transform the Western Hemisphere (the United States and Canada) into Brazil's hegemonic partner and thus destroy Brazilian diplomacy's room for maneuver. It is the fear of what the Free Trade Area of the Americas may represent for national industry (European industrial and technological progress is not being taken into account here because on the contrary, the desire is to expand talks aimed at achieving a free trade area between Mercosur and the European Union). The minister of foreign affairs was clear: "In short, we want to avoid a hasty and uncontrolled exposure of the Brazilian economy and a second shock due to a competitive opening up to the outside world—and to economies that are much more productive than our own, examples being Canada and the United States."

The positions are clear, and equally clear was recognition of the importance of the United States to Brazil since Rio Branco. But that does not prevent Geisel-style diplomacy from returning in a new international framework.

Brazil: Editorial Views Disagreement Between Ministers

PY1607204896 *Sao Paulo O ESTADO DE SAO PAULO in Portuguese 14 Jul 96 p A3*

[Editorial from the "Notes and Information" page: "Now, a Real Crisis"]

[FBIS Translated Text] The internal crises that took place during the past 18 months of the Cardoso administration cannot be considered real crises in the true meaning of the word. Now however, President Fernando Henrique Cardoso will have to solve a more sensitive matter than the alleged Serra-Malan disagreements or the incipient Kandir-Jatene one. This budding crisis, if it is not yet ripe, involves large economic interests and the economic opening concept which should mark the principal direction of Brazilian foreign policy. Beside the interests at stake, the personal and professional prestige of the ministers involved are also at stake. On the one hand we have Foreign Minister Luiz Felipe Lampreia, a career diplomat, and on the other hand we have Industry and Commerce Minister Francisco Dornelles who was appointed thanks to an agreement envisaging the support of his party, the PPB (Brazilian Progressive

Party], for the Cardoso administration. Beside his diplomatic condition, Lampreia defends another undeclared yet real condition: The fact that foreign policy is the reserved hunting ground of the president of the Republic — unless the president chooses not to be chief of state.

Which sour spot did Minister Lampreia rub, in his interview with JORNAL DO BRASIL last 12 July? The customs policy implemented by Minister Dornelles who raised import tariffs for toys to 70 percent. The decision to raise the import tariff on toys "was not made by the government — Lampreia says — (since) the subject was not debated in the Foreign Trade Chamber" that gathers in Planalto Palace. Minister Lampreia's criticism is understandable: The decision made by Minister Dornelles forces Itamaraty [Brazilian Foreign Ministry] to — unwillingly — endorse it (noblesse oblige) in international forums, especially at the WTO.

The main disagreement is the manner by which Minister Dornelles seems to conduct the trade opening. The foreign minister is not as naive as those who consider globalization an independent variable over which Brazil has no control. The conference Lampreia gave at the Superior War College clearly shows that Itamaraty knows the risks of "a premature and uncontrolled exposure of Brazilian economy to another economic opening to competitive foreign products." Therefore it cannot be understood that Brazilian diplomacy ignore that the competitiveness of the international markets could constitute a factor that affects not only economic stability, but sovereignty as well; nor ignore that Brazil is paying a high price for "its underdevelopment and poverty characteristics" in its insertion into the current world. To this we can add the child labor and human rights situation in Brazil which is a factor that weakens Brazilian diplomacy as an instrument of national assertion abroad. Such a situation places diplomatic action expressed by a trade policy, in a position of servitude in relation with the customs policy.

Itamaraty and the Industry Ministry disagree over the means but not the purpose. Minister Dornelles has told O ESTADO last Sunday that he does not want to implement a "stupid opening." He used a politician's language to say what Minister Lampreia said on diplomatic terms. Therefore they disagree in the manner by which to manage problems. The foreign minister is aware that it will be diplomatically counterproductive and harmful for Brazilian economy to attempt to answer the United States with the same arrogance with which it sometimes treats Brazil in trade matters. Minister Dornelles hopes that the restrictions on specific products will make Washington accept the reasons for which the trade tariffs were raised to protect those sectors. Dornelles sometimes acts under pressure of the trade disputes that are

taken to him, like that of Sergipe State which recently asked for the reduction of the financing term for imports of fertilizer inputs. Dornelles attended to the demand of Sergipe and soon after he retreated in his decision when he realized what that would mean for the entire agricultural sector. Now, if the Brazilian Government wants to obtain the attention (we no longer say respect) of its peers at the WTO, it cannot implement a customs policy or import financing policy based on trade "disputes." If such policy were to be strictly followed, Brazil would not have conditions with which to negotiate with the WTO, thus destroying its foreign policy which is being conducted by the president, and is being carried out by Itamaraty. The president should — pardoning this political rather than diplomatic language — solve this problem before it becomes worse.

Brazil: Risks of Increasing Import Tariffs Viewed

PY1607033396 Rio de Janeiro JORNAL DO BRASIL
in Portuguese 13 Jul 96 p 8

[Editorial: "Risks on Sight"]

[FBIS Translated Text] Foreign Minister Luiz Felipe Lampreia has clearly explained the risks of implementing unilateral protectionist measures, such as increasing to 70 percent import tariffs on toys and textile products: In a globalized world, trade restrictions have serious implications for the country and must result from government decisions made after an overall evaluation of the implied consequences.

Brazil is trying to get rid of the image of a protectionist country with a closed economy, which became consolidated between the mid-1970's and the early 1990's. Recurrence of protectionist practices creates very bad repercussions for Brazil in the eyes of trade and credit multilateral organizations — the criteria of which are interchangeable — in addition to considerable damage in the eyes of investors.

An analysis that the main international economic institutions have conducted on countries having a market economy indicates that Brazil — in the uncomfortable company of other countries such as Zaire, Syria, Romania, and Hungary — has one of the lowest levels of trade and financial opening. In 1995, the Economic Freedom of the World organization deemed Zaire the most bureaucratic [autarquico] country and granted it a 1.9 rating. Brazil, which received a 3.3 rating together with Hungary, was deemed more restrictive than Zimbabwe, Zambia, and Uganda. Hong Kong was the country most open to trade and foreign investment, with a 9.1 rating. It was followed by Singapore with 8.2, and the United States with 7.7.

Reference to these ratings and the fear that Brazil may go backward in the opening of its economy can frighten new foreign investors. Minister Lampreia pointed out that it has been difficult to convince the WTO to accept that the decision adopted in April 1995 to increase to 70 percent import tariffs on cars sought to defend the automotive regime.

If on the one hand we consider the advantages these protectionist measures will have for the toy and textile industries — advantages which consumers have plenty of doubts about because whenever import tariffs go up they always have to pay more for the products — and on the other hand we consider the risks of being exposed to WTO retaliation, we will realize that Brazil has started to tread a very dangerous path.

Brazil plans to be a universalist country, not a nation that acts like a pirate regarding international trade — such as the PRC, which violates all the WTO norms. Therefore, Minister Francisco Dornelles — who heads the Industry, Commerce, and Tourism Ministry and has adopted the measure of his own free will — must take full responsibility for the political consequences that his decision may create for the country.

Brazil: Motta Plans To Expedite Telecom Privatization

PY1607031096 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 14 Jul 96 p A6

[From "Estadão" column by Cristiana Lobo]

[FBIS Translated Text] Communications Minister Sergio Motta plans to start the privatization of the telecommunications area ahead of schedule. He is preparing the technical studies required for the privatization, by the end of 1997, of the so-called "A-band" — which is meant for the public area.

In the Communications Ministry schedule, the first biddings for exploitation of the "B-band" of the cellular phone system will probably be held immediately after the Senate approves the project regulating the process. This is expected to take place on 16 July. Motta said: "Everything is prepared for the B-band biddings."

According to him, privatization of the telecommunications area will be swifter than that of the energy-producing area, in addition to being more flexible because it will not be held within the framework of the National Privatization Program and of Law 8031, which calls for biddings [auditorias] by two different enterprises. The minister said: "Those who want to sell something establish the price for their product and it is up to the one who buys the product to investigate whether the price is fair," the minister said.

According to Motta, the guidelines for the privatization of the telecommunications area are based on two principles: universalization of the offer and competition. The federal administration plans to create, nationwide, from seven to 10 areas for the exploitation of the "B-band."

Chile

Chile: FM Says U.S. Must Present Evidence on Samper

PY1607191796 Santiago LA TERCERA DE LA HORA in Spanish 15 Jul 96 p 5

[FBIS Translated Excerpt] Chilean politicians have reacted very critically to the U.S. decision to cancel Colombian President Ernesto Samper's visa over his alleged connections with drug traffickers and demanded the urgent presentation of evidence to justify such a decision. Government officials and congressmen agreed that Washington's attitude does not contribute to maintaining a good level of political ties at the hemispheric level.

At the end of President Eduardo Frei's visit to Costa Rica, Foreign Minister Jose Miguel Insulza said: "This is an extremely delicate issue that does not contribute to U.S.-Latin American ties, or to Colombian-U.S. ties. We are worried that this decision comes following an impeachment process in Colombia. If there is new evidence against President Samper, it must be submitted to the proper Colombian and international organizations. The presidents have expressed their concern and annoyance. We are not talking about support, but requesting the presentation of evidence. Everyone is responsible for his actions. There is not much that can be done about this. Nevertheless, we are worried about this issue and this is why we reject the situation. [passage omitted]

Chile: Defense Minister Begins U.S. Visit, To Sign Memo

PY1707002396 Santiago EL MERCURIO in Spanish 15 Jul 96 p C5

[Article by Patricio Gonzalez C.]

[FBIS Translated Text] Defense Minister Edmundo Perez Yoma has stated that the government is not seeking to resume a military aid agreement with the United States, similar to the Inter-American Reciprocal Assistance Treaty (TIAR) — signed by South American countries and the United States in 1957 — to receive all the defense materiel from the United States.

"We want to have direct relations concerning defense matters with all important countries. We hope these

relations will be at a ministerial level so that the long-term programs our Armed Forces are developing will have the largest possible offers to make the correct purchasing decisions," Perez Yoma said in an interview with this newspaper.

Perez Yoma, who today is beginning the second official visit to the United States since assuming his post, stressed the excellent level of current bilateral relations — "the best moment, obviously" — but added that this does not mean a commitment or exaggerated agreements by our country.

"Nobody has talked about a military pact with the United States. The old dependence was due to an agreement (the TIAR), that neither the United States nor us have thought about resuming," he said.

He added that Chile is an independent country as far as defense is concerned, and has even maintained policies different from Washington on matters as important for our country as drugs. "We do not want to discuss that matter. Moreover, the seizure of the recent drug cargo proves our theory that in Chile the antidrug fight is well rooted within Carabineros and the Investigative Police, and there is no need for the Armed Forces' intervention, as they are proposing," he said.

The defense minister said that relations with the United States are no longer and will not be a matter of dependence on military matters, but of cooperation within an environment of equality which will be established by the signing of a broad Memorandum of Understanding and Cooperation.

[Gonzalez] What are the objectives of your trip, minister?

[Perez Yoma] The objective of this visit is to sign this memorandum and to respond to an invitation extended by Defense Secretary William Perry. In addition, I will visit the Seattle Naval Base where the submarine "Simpson" is found. This submarine had participated in a naval operation with countries from the Pacific to the Hawaiian islands. Then I will travel to Baltimore where the Naval School Ship "Esmeralda" has anchored. There we are going to give a reception to Minister Perry.

[Gonzalez] It calls our attention the fact that a country like the United States, the first world power, gives importance to a country as small as Chile.

[Perez Yoma] In fact that is very impressive and I do not know, frankly, what to attribute it to, because it is absolutely unbalanced. What the United States gives us in general, and to me in particular as minister of defense, is much beyond the strategic interests the United States might have in this area. Normally, for instance, any

defense minister who goes to the United States visits installations near Washington DC but does not travel from coast to coast, as I am going to do. Moreover, Perry received Admiral Jorge Martinez Busch, in an absolutely unusual gesture, because a Defense Secretary of that country does not receive the Navy commanders in chief of the world.

I believe they appreciate our inclination toward the Pacific Ocean and understand that we are trying hard to open up for all coastal countries.

Concerning defense matters, undoubtedly we are experiencing the best moment of bilateral relations. We are living through a process of increasingly stronger and more expanding cooperation.

[Gonzalez] There are rumors about an avalanche of U.S. materiel offers.

[Perez Yoma] They have not extended any offer to us. But that does not interest us. Chile does not purchase based on the offers but following careful planning which our own Armed Forces have established.

Now, if it happens that the United States opens its market, which has not yet taken place, obviously it will improve our bargaining possibility with other countries, but it does not mean that we are going to purchase everything from that country. Chile purchases what it needs, and no more.

[Gonzalez] But could there be good offers?

[Perez Yoma] We know what we need, and thanks to our current budget system, all our purchases are of long term. We are not in a hurry, because the Copper Reserved Law restricts a reasonable expenditure, which allows us to make all our purchases within a period of 5, 10, or 15 years.

[Gonzalez] The Kennedy Amendment and other unfortunate events with the United States are recalled in military circles.

[Perez Yoma] There had been a pact for military aid where the United States used to donate or sell weapons systems at very symbolic prices. Now, nobody has talked about resuming a military pact with the United States. I believe the United States wants again to become a trustworthy supplier for Latin America. I assume this because it has not yet said whether it wants to change its policy toward the continent despite the pressures posed by private companies.

[Gonzalez] Are there contacts being made with other countries?

[Perez Yoma] Exactly. We want to have direct relations with all important countries on defense matters.

[Gonzalez] Will you travel to Russia?

[Perez Yoma] I have been invited to Russia, one of the important countries I still need to visit, same as two others from Europe. I have not set any date yet, but I think I will be able to go there this year.

Chile: Paper Views Objectives, Effects of 'Canessa Law'

PY1607214996 Santiago EL MERCURIO in Spanish
11 Jul 96 p A3

[Editorial: "Implementation of the 'Canessa Law'"]

[FBIS Translated Text] The announcement by Defense Minister Edmundo Perez Yoma that the rule known as the "Canessa Law" will once again be implemented to extend the term in office of the Army deputy commander in chief, or of another high-ranking officer of that institution, seems to be inspired by the desire that the new nominations at the institution's top levels be handled in an experienced, smooth, and harmonious manner.

The "Canessa Law" is an exception to the rule, according to which an officer can remain in his institution for as long as 38 years. It is not the only exception, because in the case of the commander in chief, his term in office can be extended further and to completion of the four years provided by the Constitution for the exercise of that post.

The decision about the Army commander who will be favored by the extension will be made by the president of the Republic within the next few months. According to the defense minister's report, this time the extension would be for one year.

This decision has been linked to the fact that current Army Commander in Chief, General Augusto Pinochet, will end his constitutional term on 11 March 1998, according to the eighth transitional constitutional provision. Had these provisions had some basis, at first glance the implementation of the "Canessa Law" could be interpreted as anticipating the naming of the future commander in chief. But if the extension is valid for only one year after the appointments to be made by the end of 1996, as announced by the defense minister, then the appointee must retire by the end of the current commander in chief's term.

Other interpretations state that this mechanism will be used only to confer more continuity to the changes of names that should necessarily take place within the Army, given the fact that the four senior officers must retire in 1996 after completing 38 years of service.

It is appropriate to note that considering the existence of a deputy commander of the Army, the "Canessa Law" must be imposed on him. Only if there is no deputy commander, can the extension favor another member of the top command. If the Army wants this situation to take place, then the current deputy commander must first be sent to retirement, and another should be designated to replace him, or simply, extend the date for the latter's retirement from his post.

These procedures are being handled with the appropriate caution and scrupulousness. The fact that relations between the Army and the civilian government top command have been conducted during the Frei administration with special judgement and prudence has contributed to attaining confidence in harmonious institutional development within the Army.

It has helped us have confidence in the mechanism through which the changes in command within the next two years will be the most correct and most appropriate to maintaining the satisfactory climate prevailing today in the civilian-military relationship.

Chile: Drive To Become Force of Integration Pacts Viewed

PY1607154896 Santiago EL MERCURIO in Spanish
14 Jul 96 pp A1, A20

[Article by Maria Jose Errazuriz L., special correspondent to San Jose, Costa Rica]

[FBIS Translated Excerpt] Chile wants to become the driving force of all economic integration processes in the hemisphere, processes that seek to create a Free Trade Zone of the Americas by 2005.

Even though negotiations for trade liberalization may be complex for Central American countries, Chile wants to become the driving force of that commercial integration process.

At the conclusion yesterday of the summit of chiefs of state and of government of this region and Chile, Chilean Foreign Minister Jose Miguel Insulza admitted that integration processes throughout the Americas are still disorganized, but he added that in due time, and without seeking to assume a leadership, the work developed by our country will serve to unite these efforts.

The foreign minister argued that the agreement between Chile and Mercosur [Common Market of the South] is projected toward the rest of South America because it is quite possible that before 2005 we may have a Free Trade Zone in this area.

Thus, the foreign minister told EL MERCURIO that Central American countries might also join the South American bloc which is also known as Mercosur, the members of which are Chile, Argentina, Brazil, Uruguay, Paraguay, and Bolivia.

Yesterday, after saying farewell to his Costa Rican counterpart Jose Maria Figueres, and after recalling that within six months they will have the first report on the liberalization process, President Eduardo Frei returned to his country.

The foreign minister said that by participating in a summit of Central American and Chilean Presidents, President Frei in less than 15 days headed Chilean offensives to the EU, to Mercosur, and to this region, and which implies direct contact with 25 presidents.

Chile seeks to become the driving force behind the integration processes because it already has economic complementation agreements with practically all South American countries within the Latin American Integration Association, ALADI.

Chile now only needs to conclude the negotiation process with Peru, which is in an advanced stage.

Moreover, the invitation extended to Chile by members of NAFTA to join this organization is still valid. Meanwhile, Chile has enjoyed a full free trade agreement since 1996 and negotiations with Canada are advancing. [passage omitted]

Chile: Army Troops Protect Cargo of Explosives for Ecuador

*PY1707034196 Santiago Universidad Catolica
Television Internacional in Spanish
0100 GMT 17 Jul 96*

[FBIS Translated Text] A gigantic shipment of explosives, which is under Army protection, to be shipped to Ecuador appeared early today in San Antonio. Civilian and military officials said all security measures have been taken to prevent an accident.

[Begin recording] [Unidentified reporter] 124 tonnes of explosives that arrived by surface from Argentina were put in an empty lot less than 2,500 meters from the closest town near a land fill and one block from a modest rural house.

[Unidentified woman] They arrived at night and left the cargo here.

[Reporter] An army patrol is protecting this dangerous cargo. For the tranquility of the population the military experts said that all the necessary measures have been taken. They said it is practically impossible to have an explosion in case of an accident on the highway.

[Unidentified Army officer] As an example, only the heat of the explosion of a fuel tanker on the highway could detonate the explosives.

[Reporter] The community headed by the San Antonio mayor and the provincial governor also expressed concern for the transportation of this cargo through the city. The containers will be shipped to an Ecuadorian company this weekend at night during an operation that will be supervised by port officials. Another shipment of 33 containers containing the plastic bomb is expected to arrive in the next few days to this site. Therefore, the total amount of explosives to be stocked here will be almost 1,000 tonnes. [end recording]

Colombia

Colombia: Samper Tells U.S. To Prove Drug Connections

*PA1607201996 Mexico City NOTIMEX in Spanish
1519 GMT 16 Jul 96*

[FBIS Translated Excerpt] Santa Fe de Bogota, 16 Jul (NOTIMEX) — Colombian President Ernesto Samper has affirmed that the United States must prove its charges that he has drug-trafficking connections and insisted that he will remain in power until 1998.

The president said that "for an entire year there was a trial open in Colombia during which all the evidence that existed against the president was presented," but the United States never contributed one single piece of evidence.

"That was the time to present the evidence, which they allegedly have, against me," Samper said during an interview with Santa Fe de Bogota's [Invasion Television Cadena 1] CM& Newscast.

The chief of state had his U.S. visa canceled by order of the State Department, which argued that it has much evidence linking Samper to drug trafficking and claims he favors this activity with his antidrug policy.

Regarding requests in Colombia that he leave the post and move up the elections to avoid economic sanctions from the United States, Samper said his resignation "would dishonor" the Colombian people.

The country would have to choose between surrendering honor and sovereignty and maintaining some commercial privileges.

"I think we are correlating two completely different things. Here we have a problem of principles that cannot be measured in dollars," he said.

He added that the United States would be making an error if it imposes announced trade penalties because

"this would make it easier for drug traffickers to continue developing their criminal activities." He accused his critics of utilizing the crisis to do politics.

Samper also criticized the U.S. ambassador to Santa Fe de Bogota, Myles Frechette, because "apparently he has not given his government correct information" about Colombia's struggle against the mafia.

He believes, though, that it is unnecessary to declare Frechet persona nongrata, as some Colombian sectors have requested.

Finally, he said he is prepared "to bear this cross to the end" because the charges against him "are sins we have not committed."

Samper is maintaining a series of contacts with business, civic, community, and labor leaders and with other sectors of society in search of an agreement that will guarantee the country's governability and permit him to complete his mandate on 7 August 1998. [passage omitted on statements by the U.S. ambassador to Chile on the case against Samper]

Colombia: De la Calle Resigns as Ambassador to Spain

PA1607195896 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1848 GMT 16 Jul 96

[FBIS Translated Text] Special last minute bulletin: Attention, Vice President Humberto de la Calle Lombana, in what is considered a first step toward his resignation as vice president, a few minutes ago formally presented his letter of resignation as Colombian ambassador to Spain. Dr. de la Calle has already sent a letter to this effect to President Ernesto Samper Pizano, who immediately replied accepting his resignation in the best terms.

Dr. de la Calle had verbally offered to resign during the "Face to Face" television program in his recent visit to Colombia about eight days ago. De la Calle has thus resigned as Colombia's ambassador to Madrid, but not to the vice presidency, which had been rumored these past few hours.

Apparently, a second letter could surface in the next few days on this topic, with Dr. de la Calle offering his resignation as vice president to try to find a nonpolitical solution to the problems affecting the country, which of course could also imply the resignation of President Ernesto Samper Pizano. Nevertheless, Narino Palace has refused to make any comment on this and has said that the president does not plan to resign.

Colombia: De la Calle Rejects VP Resignation Rumors

PA1607190296 Santa Fe de Bogota Inravisión Television Cadena 1 in Spanish 1730 GMT 16 Jul 96

[Report by Alberto Medina Lopez; from the "National Newscast," monitored from relay by Lima Sistema Unido de Retransmisión Television]

[FBIS Translated Text] [Colombian Vice President] Humberto de la Calle has spoken from Spain. He told the National Newscast it is not true that he will resign from the vice presidency of the Republic; adding that, therefore, there is no validity to the rumors that state he is reportedly preparing a document to leave the government.

[Begin de la Calle recording] I want to reject that rumor. I have not thought about resigning. [end recording]

De la Calle is not leaving, even if a group of congressmen want de la Calle to resign from the vice presidency, to pave the way for a third person in case Samper leaves the presidency.

[Begin de la Calle recording] It is natural that, when there is what you might call turmoil around the presidency, some congressmen get the urge to appoint a president through a series of negotiations that I consider very twisted. I want to explain to the Colombians that the vice presidency was created precisely to prevent Congress from appointing the successor to the president of the Republic. [end recording]

The vice president refuses to believe that Samper is requesting his resignation through congressmen, much less that the president has begun to consider the names of third parties to replace him, when he has stated he will remain in office.

Colombia: De la Calle Interviewed on Resignation

PA1707011496 Santa Fe de Bogota Radio Cadena Nacional in Spanish 2135 GMT 16 Jul 96

[Interview with Vice President Humberto de la Calle Lombana by reporter Carlos Irian, in Madrid, and an unidentified reporter and a station announcer identified as Victor J. in Santa Fe de Bogota on 16 July — live]

[FBIS Translated Text] [Victor J.] We have an important news at this time. As everyone knows, between approximately 1315 and 1320, the resignation of Vice President Humberto de la Calle Lombana to the post of ambassador to Madrid became known. At about between 1350 and 1400, President Samper's acceptance of this resignation became known. Carlos Irian is now in Madrid. Carlos, good afternoon.

[Irian] Good evening. It is 1136 here in Madrid, shortly before the early morning of tomorrow in the Spanish capital. Undoubtedly, the news of the day, on which all Madrid newspaper will surely report on their front pages and international sections, is the resignation of current Colombian Vice President Dr. Humberto de la Calle Lombana to the post of ambassador to Madrid. Like everyone knows, following an RCN explicit and specific report, de la Calle's resignation as ambassador has been accepted by the president of the Republic.

With us here is Vice President Dr. Humberto de la Calle Lombana. In the first place, Victor J., I would be happy to put the vice president on the telephone, if you would like to ask him one question.

[Victor J.] Thank you very much Carlos, but I want you to make the first question from Madrid.

[Irian] Of course. Let us ask Dr. Humberto de la Calle, what is the specific and explicit reason for his resignation to the post of Colombian ambassador to Spain.

[De la Calle] This is something I had announced earlier. The purpose of this is to allow me to return to the country. I believe that the situation in Colombia is very serious. It is extremely serious and I believe I have the obligation to be there, to help find the solutions. This is, in essence, what moved me to declare that my presence here in Spain has ended. I will quickly return to Colombia to work for Colombia's good.

[Victor J.] Dr. de la Calle, the next question is this: We thought you would resign in September or August. Why did you resign earlier?

[De la Calle] You must recall I announced I would resign in my last visit to Bogota. But I believe that circumstances in Colombia have worsened. I believe the crisis has escalated, and this made me resign immediately to return to the country and help out.

[Reporter] We talked to the president of the Conservative National Directorate this afternoon here in RCN. He talked to us about your resignation. He told us your resignation was delayed and that it was necessary for you to come to either Colombia, or to a country near Colombia. Dr. de la Calle, to what do you attribute this remark?

[Victor J.] This is more like coming out from the darkness.

[De la Calle] Yes, I believe that is a very respectable opinion. Evidently, I will be there. I repeat, my purpose is to be present there and talk to everybody, regardless of their political party, creed, ideology, or social condition.

I believe we must make a great effort of unification. If I can contribute to solve the crisis, I will be there.

[Victor J.] When the Case 8000 and the scandal of drug moneys in the political campaign became known, there was talk of an association of groups or sectors against President Samper. Dr. de la Calle, are you a member of this group?

[De la Calle] No. Evidently, some people used the idea of a conspiracy irresponsibly. This event has been clearly disavowed. I believe nothing of this has ever existed. In my particular case, I have fulfilled my duties as vice president and the obligation this position entails.

[Victor J.] Dr. Humberto de la Calle, you came here and talked to the president of the Republic. You thought you would resign in September, as we have stated. Did the situation between Colombia and the United States hasten your decision?

[De la Calle] No. This was something I had announced. I believe the crisis has worsened, promoting me to make this decision.

[Reporter] How are your current relations with President Samper?

[De la Calle] They are normal relations. Let us say everyone knows my relationship with the president.

[Reporter] Dr. de la Calle, could you elaborate more? What do you mean by normal?

[De la Calle] What the word normal means in Spanish. I am the vice president of Colombia and in this regard, I occupy a position, I fulfill a role. I have freedom of opinion and belief, and this is the area in which I move and where I will continue to move.

[Victor J.] Have you distanced yourself from the Samper government so far?

[De la Calle] Not personally. However, it is evident, to state it somehow, that I am not an essential member of the team of collaborators of President Samper. But this is a problem that may also result from the very configuration of the vice presidency. But the relations are normal, as events allow.

[Reporter] The information we have is that you have a good office with all the facilities you require, with the necessary staffing. In other words, are you coming to serve as vice president, Dr. de la Calle?

[De la Calle] I will occupy the same office you knew before I came to Spain. I will go back to the same place. It is a known place. I believe you have been there, right?

[Victor J.] Dr. de la Calle, at this moment, politically, how do you see President Samper, the government of President Samper?

[De la Calle] There are difficulties that cannot be hidden. I believe no one can deny this.

[Victor J.] How are your relations with the immediate collaborators of President Samper? For instance, how are your relations with Serpa, such a controversial political character?

[De la Calle] Well, they are... [pauses] everyone is fulfilling his role. I believe there are different ways to look at things. My contribution has been to maintain an elevated language. I don't fall for the game of those who think belligerence is the best instrument at this time. But I want to avoid all sorts of confrontations. I insist, my resignation is intended to permit me to return to Colombia to work in seeking solutions. This is all I have to say.

[Victor J.] Speaking about returning to Colombia, Dr. de la Calle, when will you return?

[Irian] Victor, excuse me. The vice president has unavoidable commitments here. He has been very kind to grant this interview to RCN. He is an extraordinary gentleman. I just want to add from Madrid, that undoubtedly, Dr. de la Calle will leave good memories here in Madrid, at a very difficult time of relations between Colombia and the rest of the world, specifically with the United States. This has been widely reported by the press here.

[Victor J.] Carlos, we would like to know, when is Dr. de la Calle returning?

[Irian] He must first handle some administrative affairs. He will return within one month, a month and a half at the most.

[Reporter] How did Spain take the decision of the Colombian vice president?

[Irian] It was not known as of this evening. We have heard some radio newscast. Here, 16 minutes before midnight, the most popular television newscasts have not yet begun. Radio Nacional de Espana presented a quick report on this, without going into details. This important news will surely be expanded tomorrow, especially in the print media and, logically, in all Spanish and European media. This news was expected but it has taken us a bit by surprise this evening.

[Victor J.] Great, Carlos. Thank you very much for this interview with Vice President de la Calle Lombana.

Colombia: 'Text' of Samper's Message to De la Calle

PA1607200496 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1904 GMT 16 Jul 96

[Report by Gilbert Vega]

[FBIS Translated Text] This is the text of the president's letter just issued in reply to Vice President Humberto De la Calle:

Santa Fe de Bogota, 16 July 1996

Dr. Humberto de la Calle,

Colombian Ambassador to Madrid

Mr. Ambassador, I acknowledge receipt of your letter in which you express your desire to leave the embassy in Madrid, of which you have been in charge for the past several months.

I accept this decision only because of the justification you mention in your letter that you intend cooperating more closely for the solution of the various and serious problems that afflict Colombia.

You accomplished an important task before the Kingdom of Spain of developing activities that were of public knowledge at the time.

Receive cordial greetings with appreciation from the government.

Signed Ernesto Samper Pizano, president of the Republic of Colombia.

Colombia: Samper Agrees To Reopen Debates on Extradition

PA1707032396 Santa Fe de Bogota Radio Cadena Nacional in Spanish 2247 GMT 16 Jul 96

[Report by Gilberto Alvarado]

[FBIS Translated Text] The National Directorate [DNL] of the Liberal Party and President Ernesto Samper today reached a broad agreement on legislative matters. After a meeting that lasted four hours, DNL President Emilio Lebolo Castellanos told journalists that the president agreed to reopen the debates on extradition. He added that other agreements were reached on political and judicial reforms.

[Begin recording] [Lebolo Castellanos] We agreed to study the unification [words indistinct] elections for governors, mayors, deputies, and councilmen; the elimination of the second round of presidential elections; the elimination of the position of vice president and the return to the designated president; and the possibility of implementing compulsory voting.

On the subject of laws against drug trafficking, the proposals included harsher punishment, the confiscation of illegally acquired properties, the immediate elimination of the policy of surrender to justice [reduced sentences], and the possibility of opening and reopening the study of the extradition issue.

Of course, we also discussed the liberal [word indistinct] of the party, which is an imperative goal not only for the DNL, but also for the president of the Republic. In general, those were the subjects the DLN discussed today with the president of the Republic.

[Alvarado] On the subject of extradition, is the DLN committed to promoting that project or only promoting a study on the subject?

[Lebolo Castellanos] Promoting a study on the subject, as long as it is conducted within the international context that will also require multilateral commitments from consumer countries and countries producing precursor chemicals. This is not only Colombia's responsibility, but of all countries committed in the struggle against drug trafficking. [end recording]

On the subject of international relations Lebolo Castellanos said that it was recommended and accepted that the foreign minister and whomever he designates will act as government spokesman in order to prevent verbal outbursts by some government officials.

Colombia: Businessmen Refute Samper's Charge of Meddling

PA1607214196 Santa Fe de Bogota Inravisión
Television Cadena 1 in Spanish 1730 GMT 16 Jul 96

[Report by anchor Maria Beatriz Echandia and journalist Angelica Gutierrez in Santa Fe de Bogota; from the "National Newscast"; monitored from live relay by Lima Sistema Unido de Retransmision Television]

[FBIS Translated Text] [Echandia] The economic associations did not like President Ernesto Samper's speech, in which he said businessmen are meddling in politics. Business leaders replied today.

[Gutierrez] President Ernesto Samper's statements raised blisters for several reasons. First, because economic associations defend their role in the country's crisis.

[Begin recording] [Juan Manuel Ospina, president of the Association of Colombian Farmers] Mentioning the economy's problems cannot be considered becoming involved in politics. Showing that the government's weaknesses make it difficult to adopt economic decisions is not considered becoming involved in politics.

[Sabas Pretelt, president of the National Federation of Businessmen] If defending the country's interests is becoming involved in politics then I imagine there are various people involved in healthy politics. However, as far as I know, not a single association president is involved in partisan politics. [end recording]

[Gutierrez] However, the economic associations also complain about the president's excuses for the irrefutable symptoms of economic recession and Samper's thesis that everything was foreseen.

[Begin Jaime Alberto Cabal, Colombian Association of Small Industries president, recording] I believe that, if the government had predicted 1996 would be a bad year, as the president said, then he should have never announced economic growth goals in excess of 5 percent, as he did early this year. [end recording]

[Gutierrez] Moreover, the economic associations insist that the cancellation of Samper's visa is not a measure against the country. Instead, it is a measure against the president, himself, contrary to what Samper said last night.

[Begin Gustavo Tobon, Colombian Federation of Metal Industries president, recording] I believe it is another misconstrued way of presenting things, seeking new rifts inside the country. No, it is not an action against Colombia; it is not an action against the Colombian people; it is a logical problem resulting from a deterioration of relations between two governments. These relations have been erroneously handled on many occasions. [end recording]

Colombia: Pardo Says U.S. Action Mars Debate on Samper

PA1707025996 Madrid EFE in Spanish
1338 GMT 16 Jul 96

[FBIS Translated Text] Santa Fe de Bogota, 16 Jul (EFE) — The U.S. decision to cancel the visa of President Ernesto Samper Pizano, and accuse him of being an accomplice of drug trafficking, makes unviable a much needed debate on his future resignation, according to outgoing Foreign Minister Rodrigo Pardo.

"I could understand the advisability of analyzing the pros and cons of the president's withdrawal. A decision, as the one on the visa, however, mars the debate with an atmosphere of U.S. interventionism that does not make it feasible," Pardo said during an interview published in the latest issue of SEMANA magazine.

Pardo, who will be replaced next Thursday by Maria Emma Mejia, former Ambassador to Spain and current education minister, is critical of the U.S. policy toward Colombia as well as of his country's response.

According to the outgoing minister, the protection situation in the United States has prompted U.S. leaders to implement a policy toward Colombia "that is not only mistaken but also dangerous, even for them."

That policy, with "unfair decisions," such as condemning ("decertifying") the Samper government's narcotics policy, "have fostered among Colombians nationalist attitudes that undermine the interests of the North Americans," Pardo warned.

"A further deterioration of relations with Colombia is not in the interest of the United States either, because the former is its main partner on the war on drug trafficking," the foreign minister added.

In Pardo's opinion, the U.S. objective is to debilitate Samper and pit him against the rest of Colombian society, and for that reason the measures it has taken so far, such as withdrawing the visa, "wound the president's dignity but to not affect his opponents, as it would happen, for instance, with economic sanctions."

The foreign minister doubted Washington seeks to try Samper in the United States but feared that that country "may wind up a prisoner of its own policy, no matter how mistaken, and may be forced to escalate the conflict in order to justify it."

"The United States is going to continue insisting on measures, especially against the president and seeking positive reactions among his foes, trying to cast doubts on the permanence" of Samper in office, Pardo explained and added that that pressure will find some support in Colombia, but with little legitimacy "since it comes from outside."

"The best we can hope for," he added, "is that the U.S. attitude toward us is annoying instead of destructive. When all is said and done, the things that annoy, as they have done on the matter of the visa, hurt Colombians internally but are not hurting commerce, investment, or the war on drug trafficking, which are the pillars of the long-term relation."

Pardo also criticized the "provincialism" with which some Colombian government officials have responded to U.S. actions, such making personal attacks on U.S. Ambassador Myles Frechette, as if he were an opposition politician or columnist.

"I doubt that ultranationalist attitudes are politically advantageous. Unfortunately, in Colombia we have a very 'provincial' view of international relations," the senior official added.

"We have made mistakes," Pardo acknowledged and warned that Colombia must acknowledge its vulnerability at this moment, owing to the internal political cri-

sis created by the accusations that Samper financed his 1994 electoral campaign with money from Cali's drug trafficking cartels.

Colombia: Defense Minister To Travel to U.S.

PA1707034196 Santa Fe de Bogota Inravisión
Television Cadena 1 in Spanish 0000 GMT 17 Jul 96

[Report by Marta Rojas; from the "24 Hours Newscast"]

[FBIS Translated Text] Defense Minister Juan Carlos Esguerra said today that it is not advisable to go anywhere on your knees. He made that statement as he confirmed that he will travel to the United States on a date to be determined.

Although his visit to the United States to strengthen ties of cooperation in the struggle against drug trafficking is still not settled, the defense minister said his mission is well-defined.

[Begin Esguerra recording] I go nowhere on my knees; I only kneel in church. [end recording]

Esguerra defended the members of the Armed Forces in view of reports of the possible suspension of U.S. visas.

[Begin Esguerra recording] The U.S. Embassy has assured me — and therefore this is official — that rumors circulating in the media about the possibility that visas of active or retired military officers will be revoked are false. [end recording]

Colombia: Defense Minister Denies Reports on U.S. Visa

PA1607184896 Santa Fe de Bogota Emisoras Caracol
Network in Spanish 1708 GMT 16 Jul 96

[Report by Carlos Gomez Herrera]

[FBIS Translated Text] Here is Santa Fe de Bogota; please listen. Defense Minister Juan Carlos Esguerra Portocarrero has just said that it is not true that the U.S. Government will suspend U.S. entry visas to high-ranking officers in active military service. He said that it is an ill-intentioned rumor that is causing uneasiness within the Army.

[Begin Esguerra recording] I have made several inquiries these past few days and I have been given assurance, I insist, I have been assured by the U.S. Embassy, thus officially, that the rumor in certain media of the possible cancellation of visas to (?retired officers) and officers in active military service, is not true. We must end this rumor. It is nothing less than an irresponsible rumor. I have to say with all due respect but very clearly that it is irresponsible because it is generalized

and could apply to any members of the public force.
[end recording]

Defense Minister Juan Carlos Esguerra Portocarrero was present here in the governor's office in Cundinamarca, where another department anniversary celebration was held. He also added that the national government will not negotiate with any of the peasants or authorities in Guaviare who are carrying out a series of demonstrations to protest public order measures.

Colombia: Airline Heads 'Surprised' by License Suspension

PA1707031996 Santa Fe de Bogota Inravisión
Television Cadena 1 in Spanish 0000 GMT 17 Jul 96

[Report by Jorge Cura; from the "24 Hours Newscast"]

[FBIS Translated Text] U.S. civil aviation authorities asked their Colombian counterpart to suspend the license of Lineas Aereas del Caribe, LAC, which however, denied having any knowledge of that decision.

LAC executives in Barranquilla today expressed their surprise at the decision adopted by the civil aviation authorities to suspend their license to operate. This measure will force the company to close. It had already dismissed 50 employees in Miami, of whom 90 percent were Colombians. In Barranquilla, Santa Fe de Bogota, and Cali, 250 workers will run the same fate in view of the company's inability to resume flights mainly to the United States.

[Begin LAC President Orlando Donado recording] We see no other alternative. If our license is canceled, the company will be forced to close. [end recording]

Civil aviation adopted this drastic measure based on two reasons: First, LAC has not complied with the requirement to replace equipment; and second, the company cannot guarantee air safety.

Colombia: DLN Asks Samper To 'Reconstruct' U.S. Ties

PA1707043296 Madrid EFE in Spanish
0134 GMT 17 Jul 96

[FBIS Translated Text] Santa Fe de Bogota, 16 Jul (EFE) — The Liberal Party, which is the ruling party under Colombian President Ernesto Samper's administration, today proposed that organizations like the United Nations and the OAS might help to reconstruct Colombia's diminished relations with the United States.

Emilio Lebolo, president of the National Liberal Directorate (DLN), made this proposal, but he made it clear that the normalization of relations between both countries should take place on the basis of mutual respect.

"We want to develop our relations with the United States on the basis of mutual respect and through the Foreign Ministry and, if possible, through international forums like the United Nations and the OAS," Lebolo stated after meeting with Samper.

The DLN president and other officials today examined with the head of state, who welcomed them at Narino Presidential Palace, some topics such as the crisis in Colombia's relations with the United States.

Bilateral relations are experiencing an open deterioration since the outbreak of the scandal of the infiltration of drug money into Samper's electoral campaign. Last Thursday, Samper was deprived of his visa that allowed him to travel to U.S. territory.

Lebolo told reporters at the Colombian capital city that his party had recommended to the head of state that the Colombian Government's spokespersonship on international affairs should become the exclusive responsibility of either the Foreign Ministry or the individual who may be appointed for this purpose in order to prevent out-of-tone statements by ranking officials.

The president, Lebolo asserted, accepted this recommendation as well as the request to find mechanisms to reconstruct relations with the United States.

Colombia: Political Analysts View 'Frechette's Agenda'

PA1607224196 Mexico City NOTIMEX in Spanish
1605 GMT 16 Jul 96

[By Enrique Rodriguez]

[FBIS Translated Text] Santa Fe de Bogota, 16 Jul (NOTIMEX) — Political analysts have described the recommendations contained in the "secret agenda" of the polemic U.S. Ambassador to Colombia Myles Frechette as the most blatant meddling in that country's internal affairs.

Frechette's suggestions included how Colombia should wage its antidrug struggle, the Colombian ambassador's role in Washington, and also the polemic issue of the extradition of Colombians accused of drug trafficking in the United States.

The U.S. position based on Frechette's recommendations, amid the turbulent political crisis facing Colombia since early this year, has hardened to the point of claiming that Samper had ties with drug trafficking.

Several polls describe Frechette (the visible leader of a hostile political policy from the Washington government against the administration of President Ernesto Samper) "as an enemy of Colombia" who must be declared

"persona non grata" to prompt his departure from the country.

Strong voices, such as that of Ambassador to Mexico Gustavo de Grief (whose visa to enter the United States was canceled by Frechette's recommendation), believe it is difficult to maintain good relations with a diplomat who is against the Colombians.

Frechette, a U.S. citizen of Chilean descent, recommended a number of sanctions against the government of President Ernesto Samper, whom he claims has links to drug trafficking and accepted money from the Cali Cartel.

There is much talk in Colombia about "Frechette's secret agenda." It is apparently a document in which the diplomat urged U.S. President William Clinton to "isolate and weaken Samper."

This full document has never been revealed and its existence has not even been confirmed, but Samper raised questions when he pointed out that Frechette has never denied its existence.

"Frechette's secret agenda" recommended the revocation of the Colombian president's visa. The Department of State implemented this measure last Thursday and this caused the greatest cooling in their bilateral relations.

The most serious aspect about this, however, is that Frechette enjoys great credibility in Washington, because he also recommended the "decertification" of Colombia's efforts against drug trafficking, and Clinton supported this recommendation in March.

There are still many points on the secret agenda that would have very negative effects for Colombia should they be implemented. The most serious one pertains to economic sanctions. They will be implemented anytime, in September at the latest, the analysts predicted.

The local media reported that in the "secret agenda" Frechette recommended that a permanent threat of sanctions be maintained to pressure Samper into toughening his actions against drug traffickers.

President Samper, however, rejected such pressures, and during an interview on Monday he said he will not kneel before the United States, but will seek a dialogue with Washington to fight drug trafficking jointly.

With the visa cancellation "they sought to isolate me, but I currently enjoy, more than ever, the support of Colombians and the international community," who have rejected U.S. meddling in Colombia's internal affairs, Samper added.

But as part of the analysis of the statements by Frechette, which are gradually becoming a nightmare for Colombia, there is talk about another "agenda of recommendations," which are demands made to Samper under the penalty of applying terrible economic sanctions.

Noteworthy in this agenda is a request for Samper to resurrect the extradition of Colombians claimed by U.S. courts, so they can be tried in that country. This is currently impossible, because this practice is prohibited by the Colombian Constitution.

It also requires a compromise from the Colombian Congress to pass a package of antidrug legislation regarding the expropriation of assets from drug traffickers acquired in the past and not discovered until after the new rules went into effect. This seems to be going along well.

It asks that U.S. vessels be allowed to intercept ships carrying drugs, just off the 12-mile Colombian maritime border, and seize the vessels, drugs, and crew members. This issue is being widely discussed.

Frechette also requested the mass destruction of illicit crops, instead of using glyphosate, by applying a nonliquid granular herbicide that does not dissolve when it rains and that may be dropped from a high altitude, so that spraying planes cannot be easily attacked from the ground.

This agenda also calls for hiring an international verification team to assess the results of the eradication of illicit crops, with parameters accepted by the two countries. This will enable Colombia to say, according to Washington, that a fumigated hectare is equal to an eradicated hectare.

According to local analysts, these two issues are a real "time bomb" in Colombia, because the eradication of illicit crops entails the loss of income for thousands of families. This, in turn, generates a serious problem which results in public order alterations.

The U.S. ambassador to Santa Fe de Bogota also requested that criminal investigation regarding murders be strengthened, so that drug traffickers can be tried not only for illegal enrichment but also for the homicides attributed to them.

The agenda calls for the suspension of the dismantling, according to Washington, of the newly-created Department Against the Laundering of Assets under the Banking Superintendency of Colombia.

Another request made by the Washington ambassador, according to his secret agenda, is reportedly not remov-

ing authorities and officials from different state security agencies who have shown their determination in the struggle against the cartels.

According to the United States, there was an attempt to retire some of these officials, such as Police Director Rosio Jose Serrano.

The agenda asks that the Prosecutor General's Office not be weakened by a package of legal and constitutional reforms announced by Samper, after the case against him in Congress over alleged ties with the drug cartels was dismissed.

The United States has stated explicitly that it would not approve of the Prosecutor General's Office being placed under the executive branch, as some "allies" of Samper have suggested in recent weeks.

The series of recommendations and "demands" continues, including those dealing with commercial affairs, mechanisms to avoid espionage, improvement of jails, and even the attributes the next Colombian ambassador to Washington must have.

These issues, which Frechette deems vital "for good relations," are openly rejected by political and social sectors of Colombia, who have stated they are "tired of the control the United States wishes to exert over the rest of the world."

And all of this shows that Frechette, who always seems full of sympathy and good humor towards the officials from Santa Fe de Bogota, has almost become Colombia's executioner and is "responsible for the worst crisis in the relations between two friendly countries," as the analysts concluded.

Colombia: Central Bank Says No Drop in Interest Rates

96SM0456A Santa Fe de Bogota EL ESPECTADOR
in Spanish 11 Jul 96

[FBIS Translated Text] At last the Central Bank Board of Directors has confessed it publicly: interest rates are not going to fall.

"Additional public spending cuts and a larger reduction in inflation are necessary to achieve a reduction in interest rates," Central Bank Codirector Roberto Junguito Bonnet said yesterday.

This position elicited immediate reaction from the president of the Colombian Banking Association (Asobancaria) Cesar Gonzalez Munoz, who said "we cannot expect lower interest rates as long as there is no change in the thinking of the Central Bank Board; the management of [rates] over the short term is up to them."

In his view, the Central Bank's approach is going to further complicate the situation with regard to investment and production.

He stressed that it is indispensable to make a judgement regarding the achievements and the cost of monetary policy applied by the Central Bank over the past four years.

"In 1997 we are going to be weaker," he observed.

The banking sector spokesman, who participated in the [EL ESPECTADOR-sponsored] forum reiterated that it is time for the Central Bank to explain whether it wants the economy to enter into a period of clear recession.

Without Targets

The codirector of the Central Bank, Roberto Junguito, said that the bank board has no targets with regard to interest rates.

He said that the uncertainty caused by the political crisis has doubtless influenced the decline in investment.

He explained that there is less demand for liquidity due to the slowing down of the economy.

However, he emphasized that a substantial reduction in interest rates would cause capital flight such as occurred in Mexico. Cutting spending would allow some room to reduce monetary restrictions and lower rates.

1996, Far From a Shining Year for the Bank

In terms of profitability, the balance of the financial system in 1996 will not be brilliant. Not even in comparison with 1995, a year in which results were below those of previous years.

The growth of the portfolio will fall 23 percent this year.

This situation was explained yesterday by the president of Asobancaria Cesar Gonzalez.

"Under current circumstances, where a series of events are converging—such as the slowing down of the economy, a difficult situation for many sectors of production, a restrictive monetary policy, high interest rates, and a complex political environment—it is only natural that there would be a drop in the variables of the financial sector," he said.

Colombia: Analyst Views Prospects for Economy

96P20457A Santa Fe de Bogota EL TIEMPO
in Spanish 12 Jul 96

[Received via Internet]

[FBIS Translated Text] The Central Bank has a "cushion" of 3 billion dollars to protect the exchange rate

band. Economic sanctions would lead to increases in unemployment, inflation, and interest rates.

While economic growth could reach 4.5 percent in 1997, according to a pessimistic scenario, the Colombian economy would suffer further blows in the coming months if the confrontation with the United States worsens and economic sanctions are applied.

Employment, inflation, interest rates, and construction, among other things, would be most affected by increased pressure from the Clinton Administration.

This was the view of private consultant Javier Fernandez Riva who presented a study on the current economic situation and projections for the coming months in the forum "Economic Prospects for Business Decisions" organized by Javier Fernandez Riva & Associates and the newspaper PORTAFOLIO.

The outlook, with regard to economic growth, is the opposite of that presented by the majority of business associations and analysts, who have predicted a complete recession due to the uncertainty generated by the political conflict, high interest rates, and the sharp decline in the construction sector.

However, Fernandez, in contrast to the majority of predictions from the private sector, believes that "the economy will rebound in the coming year, even with President Samper." For the rest of 1996, the prediction is more pessimistic: he says the economy will not grow more than 3 percent.

The government maintains its optimism despite the decision by the United States to cancel President Samper's visa and the fear of possible economic reprisals. Finance Minister Jose Antonio Ocampo said that the heaviest sanction the United States could apply would be the suspension of trade preferences which could affect flower growers, an event would be very unfair since this sector has nothing to do with drug trafficking.

To Spend Reserves

The Central Bank is not ready to relax its policies and, on the contrary, will continue applying the brakes regarding monetary and exchange rate issues to keep inflation from increasing too much.

Central Bank Codirector Hernando Jose Gomez, reiterated yesterday that the Central Bank Board is not going to change the exchange rate band since it has a cushion of between 2 to 3 billion [no currency given] in international reserves.

He said it is possible that the price of the dollar will increase slightly with the news of the cancellation of

the president's visa, but he expressed confidence that the exchange rate market would return to normal.

However, he acknowledged that the political crisis has had an impact on the interest rates and private investment and may affect the attractiveness of Colombia in international markets.

The cancellation of President Samper's visa will have no immediate effect on the management of economic variables, although it will increase pessimism and uncertainty," said Gomez, who indicated that the real problem will arise if the adopt economic sanctions. "Then we will really have to be concerned."

Panorama

Why is such a high growth rate expected for the coming year, given all the factors working against this?

Fernandez Riva gave several arguments: in the first place there will begin to be an increase in petroleum exports (a 38-percent increase is expected) since the Cusiana and Cupiagua reserves will be at full production. The Venezuelan economy will show an increase, and industry will not be too affected because the government will be able to adopt populist and protective measures.

In addition, another factor which could cause an acceleration is the fact that the end of the administration will be closer.

Nevertheless, in the case of an open confrontation with the United States, problems in the construction sector would be aggravated which would lead to a period of recession lasting more than two years.

Other sectors which would feel the effects would be business and banking, due to the general weakening of the economy, the reduced availability of credit, and the high interest rates.

The latter would remain high despite the measures adopted by the Central Bank and the government's intentions to reduce them. It is predicted that the interest rates for credit would remain at 45 percent and that earnings for savings would reach 35 percent.

What would happen with the other economic indicators? Due to weak demand and the recession in the construction sector, an unemployment rate of 14 percent is predicted, which according to a former minister of finance, Abdon Espinosa Valderrama, is explosive and could lead to serious social disturbances.

Inflation would not fall and could reach 19.6 percent and could even rise as a result of a populist policy and the acceleration in the devaluation, estimated at 22 percent.

The unemployment rate will definitely depend on how much pressure the Clinton administration exerts and the decision adopted by the government and the Central Bank.

Ecuador

Ecuador: Leoro on Clinton Decision on Helms-Burton Law

PY1707002196 Madrid EFE in Spanish
2306 GMT 16 Jul 96

[FBIS Translated Text] Quito, 16 Jul (EFE) — Ecuadoran Foreign Minister Galo Leoro said today that "the suspension of the application of Chapter 3 of the Helms-Burton Law opens the possibility to have more time to negotiate, to talk about the interests affected by the law."

Leoro told EFE that he hopes "the law could be modified because it created great concern among all the Latin American countries."

Leoro added that "this decision is on the right track, avoiding the creation of problems that would have emerged immediately," and that "it allows time to implement measures in accordance with the belief of nonintervention that prevails in Latin America."

Ecuador: Army To Conduct Operations on Border With Peru

PY1607185896 Quito Voz de Los Andes in Spanish
1700 GMT 16 Jul 96

[FBIS Translated Text] The Defense Ministry has reported that between 18 and 24 July, about 4,000 Ecuadoran Army troops will conduct military maneuvers in four provinces on the Ecuadoran-Peruvian border. The Defense Ministry reported that these Army maneuvers fall within the framework of annual activities. They will be conducted in the Provinces of El Oro, Loja, Morona Santiago, and Zamora Chinchipe. The Defense Ministry said the operations are being conducted, but are not a result of the territorial dispute with Peru.

Sources added that during these operations, the troops will practice shooting, and patrols and controls, among other activities. The source explained that the maneuvers will be headed by General Jorge Salinas, chief of the theater of operations, a post that General Paco Moncayo held during the war with Peru in 1995.

The source added that the maneuvers will last eight days and that all soldiers taking part reside in the respective areas. No troops have been mobilized from Quito or other cities.

The military sources, which asked not to be identified, asserted that the Peruvian Army has been duly informed

of these operations, which are being coordinated by Gen. Moncayo.

Moreover, the sources added that Peruvian sources have informed the Ecuadoran Army of the training operations Peru is conducting in regions bordering with Ecuador. These operations have been going on since 11 July and are scheduled to end on 26 July.

The sources said the Ecuador-Peru Military Observers Mission, MOMEPE, has been duly informed about the military operations by the two Andean countries which dispute part of their common border that lacks landmarks.

The sources said everything is completely calm in the conflict area. They added that reports published in the Peruvian press on this issue are ill-intended.

Ecuador: Defense Minister, Armed Forces Chief Named

PY1707005496 Quito Voz de Los Andes in Spanish
2300 GMT 16 Jul 96

[FBIS Translated Text] Ecuadoran President-elect Abdala Bucaram today named retired General Victor Manuel Bayas as defense minister and General Paco Moncayo as chairman of the Armed Forces Joint Command for his upcoming administration.

Bayas was chairman of the Armed Forces Joint Command from 7 May to 10 August 1994 and was replaced by General Jorge Ortega who is currently holding that position.

General Moncayo, who has been the Army commander since 14 June 1995, was one of the strategists during the military conflict with Peru from 26 January to 28 February 1995. General Moncayo is the first high commander on active duty who formally decided to remain in the military leadership.

Ecuador: President-Elect Abdala Bucaram Interviewed

PA1607155496 Panama City Telemetro Television
Network in Spanish 1200 GMT 15 Jul 96

[*"Exclusive"* interview with President-elect Abdala Bucaram Ortiz by news director Dorita de Reyna in Panama City on 12 July — recorded]

[FBIS Translated Text] [Reyna] Mr. President-elect, Ecuadoran customs have placed obstacles for goods from the Colon Free Zone. I understand that right now only five containers arrive there every week. In the past, 80 containers used to arrive there. In view of this, the Associations of Users of the Canal Free Zone of Panama has asked that Panama place restrictions on Ecuadoran

imports. Has your government considered what it will do in this regard?

[Bucaram] I think this is one issue we will discuss with the president of Panama. I think there is some fault on both sides. On our side because I think that our customs have put mice as overseers of cheese, and this is an error. Since there are intense and permanent relations between Panama and Ecuador, this confrontation does not make sense. Taking advantage of my great love for Panama and of my knowledge of commerce, I think this problem will be resolved in the next few days quietly. I know there is right now important communication going on between the foreign ministries to resolve this problem.

[Reyna] During this visit will you make contact with Panamanian and foreign investors to take investments to Ecuador?

[Bucaram] I will try to bring Ecuadoran investment to Panama and to take Panamanian investments to Ecuador. We are the same blood, the same people, the same history. We are united by history, by a similar culture. Each has products the other side is interested in, mostly nontraditional products. Taking advantage of my huge love for Panama and of the fact that I have many Panamanian friends, I am trying to use this opportunity to explain to the world that Ecuador has wonderful sources of wealth: oil, shrimp, bananas. We want integration to further expand our commercial relations and to have a firm Latin American position before the World Trade Organization. We have to realize that the world sees Latin America as the repository of the year 2010. We have to take on that challenge and be prepared and willing to accommodate the world.

[Reyna] Your country is going through a severe economic crisis and your currency is in a constant devaluation process. There is much unemployment and much popular unrest. I imagine you have plans to fight this, how?

[Bucaram] The problem arises when one lives in a capitalist system and the system is not used: Things don't work. The basic concept of capitalism is: capital plus work to generate a product or an enterprise. If capital is monopolized and not recycled, and labor is not qualified because there is a 35 percent illiteracy rate, then the finished product cannot be good and you cannot compete, and if you cannot compete there is not enough demand for your supplies. When things are this way, the basic rules of capitalism: competition, supply-and-demand, and production, don't work. Monopolized capital is sent out of the country because there is no trust in the country and rules of the game that generate dependence, lack of culture, lack of education, and lack

of health are imposed and then as wealth grows, poverty also grows. This is why a good surgeon is needed. Ecuador has chosen a mad man, President Abdala, who the people believe will be a good surgeon.

[Reyna] You were considered to be the candidate of the poor people, one prepared to put the power groups in the bench of the accused. Now we see that you are trying to attract these groups, described as successful businessmen and prominent bankers, to your government. Is this not in contradiction with your political campaign?

[Bucaram] By no means, because these are personal friends. During my campaign I said, and I said this to them, that I would use the splinter from the parent tree, that is, the people who for the past 170 years have generated in the country a degree of political and commercial dependence. I have tried to pick the best men so that they may generate a feeling of solidarity and spiritual sympathy in favor of the people, and they have accepted this challenge. They are saying: I have made much money and I may be able to continue making money but I am not fulfilled as a person. I am going to be another Abdala. I am a rich person who will help the poor. Abdala, using his political ability, has been able to get the richest men of Ecuador to decide, for the first time in history, to promote the country's economic policy with a social basic project that will permit delivering 200,000 houses, free school breakfasts, a free school bag, and free education. I think any effort made in the economic field is worth it because children, who are the seeds of the new generations, deserve and need this because they are children of God just like us, and if society learns how to act with solidarity and how to love the people, the people will respect society and understand that the state is the people's main political organization, and that it defends a civilian society that knows of hierarchies but also knows how to demand respect in pursuit of the rights I have mentioned.

[Reyna] You have answered part of my second question on the housing units. The other part of that question is that during your political campaign you pledged to amend the Constitution to improve the conditions of your country's Indians? Will you be able to legislate that?

[Bucaram] Why, of course. We are first going to create the Indians Ministry to give them the possibility of having their own resources and find assistance in the state for their own problems. Second, we are going to strive to recognize their plurinational, multiethnic, and multicultural nature. We have a population of 12 million. There are 3 million Indians and 3 more million with deep Indian roots. That is a fact. We cannot view

this as the bad father of a handicapped child who hides him, does not allow him to be fed, considers him the disgrace of the family. It is quite the contrary, that child deserves greater consideration, care, and love from the father. The state has its Indians, who are our true roots, are our true culture, who are chemically (as heard) pure, who are human beings, and yet by the time they are five or six years old they are taking care of someone else's cow, milking someone else's cow. That is not fair.

[Reyna] Will you be able to achieve that?

[Bucaram] Of course, we will. That is why we are incorporating Indians into our government so they can be the protagonists of their own struggle and their own gains, of the things the government of Abdala Bucaram achieves.

[Reyna] You have been known as Madman Bucaram. You like being called that. Will this be replaced by the Sane Man Bucaram, president of Ecuador?

[Bucaram] I think man is the sum of everything. Man is not always the same. On occasions, he is violent, he is peaceful, he is tender, he is dry, he is stubborn and persevering. There is a minute space, Montalvo, one of Ecuador's great writers, used to say, between virtue and sin. When a person becomes president, Montalvo used to say, the presidential chair is for a doll, the president lives in a world of advisers and forgets about the people, he gets ambition confused with perseverance, he gets authority and discipline confused with belligerence and excess. In my case, I think I have my feet on the ground. I am exactly who I feel I am: a human being who loves his country, who has a lot of poet, madman, singer, and politician inside of him, but also has a very rich history, as I am a man who has been trained and educated, who has worked, who has a political organization with a Social Democratic principle, who has a political organization with a great structure and militant action. We have a man like Abdala who has been in politics for many years, and whose well-known family has made itself felt in the Republic of Ecuador.

For that reason, it does not bother me to be called mad because I know the history of madmen. All those men whose minds fly freely, and do not depend on any one are called madmen. Christ was a madman and was killed. Alfaro was a madman and was killed. Torrijos was a madman and was killed. Ghandi was a madman and was killed. Roldos was a madman and was killed. Abdala is a madman and he may get killed. The truth is that if they do not do so when I finish my government, Ecuador's right wing that has hurt my country so, will have a historical responsibility to fulfill. The right will be the one to help, with a true sentiment of solidarity, its people.

I have talked of national consensus precisely for that reason, because I believe there is just one Ecuador, and one has to have the principle of magnanimity as the guiding principle of his life. I recall the history of Julius Caesar who fought his rival for many years. This man fought him every day. For 30 years they swore to kill each other when they became emperor. On the Palm Sunday when Julius Caesar was being proclaimed emperor, his rival appeared before the carriages and the large crowd accompanying the victorious Julius Caesar in the procession. Feeling defeated, his rival bent down awaiting death against a wall. Julius Caesar got down from his carriage, approached him, and turning him told him: You have been spared; I have been named emperor. That is the principle of magnanimity that every president must have.

I have questioned a social class. I have questioned the oligarchy as a state of the soul, as a state of the soul of people who do not understand what solidarity is, of people who love a god different from ours, the love of racism, monopoly, and exploitation. It is a god that excludes other human beings who need us. We preached and love a different god. It is a god that makes us equals in heaven and free on earth. We are trying to recover freedom for development by using that instrument, namely, the oligarchy, the Ecuadorian right, those who created the evil. They are also human beings and are entitled to have an opportunity. President Bucaram is giving it to them and is incorporating them into government. Why? To help the poor and needy.

[Reyna] Mr. President, lastly, because I know you are busy and have a very tight schedule and I appreciate very much this interview, your life in Panama practically became mythological. What really happened to you?

[Bucaram] Well, many things happened in Panama; I arrived disguised as a mechanic the first time I was in exile. Then I had to dress up like a woman to be able to escape from La Siesta Hotel when the repressive government, remember, persecuted me. Then I had to make some friends and one of the first was Marcelino Jaen. The Torrijos family protected and hid me; then I had to go into exile. Later, I had to walk the streets in total solitude and try to keep a low profile and not let the people know who I was. I then became very famous thanks to General Manuel Noriega, who played a trick on me, which the international press picked up. [cocaine was reportedly planted in Bucaram's car] Then the Panamanian people themselves and Panama's conscience got me out of jail, practically by force. They shouted: this is a trick; we cannot appear this way in the eyes of the world. Panama rebelled and Panama rebelled in a congress; the judicial branch rebelled. Everyone rebelled because they knew this could not be done to

a human being and that it is not proper to do that. But I, who have always felt a deep fondness for Panama, made friends. I have my small sports grounds where I practiced sports — 50th Street, Amador sports grounds, Torrijos sports grounds — the places where I drove every day, such as Brazil Street, Tumba Muerto, the trans-Andean... [pauses] the Transisthmian Highway.

[Reyna] Transisthmian Highway.

[Bucaram] The Transisthmian Highway, Argentina Avenue. So many places, like Old Panama, Chorrillo, San Miguelito. There were so many places that I learned to love and appreciate that I converted Panama and the people's heart into my flag. This is a people I love too much. I was so desperate and yearning to arrive that I thank God that he gave me the opportunity to be here once again. As I said in my speech, Panama leaves me with a muted feeling, which is a tear of appreciation for a people who took me in, educated my children, and who put up with me the two times I was exiled. Therefore, what Abdala represents is a human being, which is much more and much less than what they say. [sentence as heard] Abdala is a human being who has the highest concept of Panama. When I saw the problems with Noriega and all that, I asked myself why do they quarrel because everyone is good there. I could not understand that there could be a bad Panamanian and I still do not understand it. As far as I am concerned, all Panamanians are good people. I have friends in the Mollirena [Nationalist Liberal Republican Movement], Liberal, Christian Democrats, Authentic Panamenists, Arnulfistas, PRD [Democratic Revolutionary Party] — all are my friends. When the political campaign was underway, I would be told: Hey Bucaram, you know about politics, help us here. No, I am everyone's friend, I am impartial because Panama is a cradle that harbors every man in Latin America. Panama has only 2 million people and nevertheless, it is America's garden. Not only because of its great open spaces, its very green fields — thanks to its humidity — but basically because of the richness in spirit of the Panamanian men. Noble, respectful, cheerful, dancing, and playful men, and the Panamanian women; always aristocratic, dignified, free. This is the sort of human being that I love — simple. Perhaps that is why there is something mythological, as you say, with the presence of Abdala in Panama. But it is because of the deep affection that Abdala feels and because of the deep affection that Panama always gave me.

Ecuador: Bucaram's Character, Leadership Style Viewed

96P20454A

[FBIS Report] Quito's two leading dailies have offered insights into Ecuadoran President-elect Abdala Bucaram's character and leadership style.

EL COMERCIO, in an 8 July report, notes that when Bucaram makes a decision, there can be no opposition, and even though he may take time to listen to others, his point of view always prevails. Within his own party, the PRE, the newspaper says, he prefers to organize everything himself, only occasionally consulting those closest to him: businessmen and campaign managers Miguel and Jose Salem, advisor Alfredo Adum, and his brothers Jacobo, Adolfo, and Santiago. He makes great demands on his subordinates, and yet initiative must be approved. Things do not flow smoothly when Bucaram is absent, according to EL COMERCIO. His wife organizes his schedule and takes care of his correspondence.

Psychologists consulted by Quito daily HOY of 2 July say that Bucaram is "extroverted, emotional" and a strong and domineering personality. Pretense is hard for him, they say, and he cannot mask his "aggressiveness" for long. He has managed to fight with even his closest friends, such as Alfredo Adum. According to the experts, Bucaram shows signs of being a manipulator — "taking people, using them, and throwing them away." He "makes his own laws, has his own code of conduct and imposes his personal views on others," the psychologists noted. They agreed, however, that he is not "crazy" in the clinical sense.

Bucaram himself admits he is extroverted and highly emotional. He occasionally has called himself "El Loco." Bucaram told HOY of 1 July: "I am a passionate person, a respecter of truth, and I admit my errors and avoid repeating them. I try to be as just as possible. I have made many mistakes in my political life and am paying for them, but I believe that, basically, I am a good man. I would not harm anyone expressly."

Paraguay

Paraguay: Resumption of Trade Ties With Cuba Announced

PY1607151796 Asuncion ABC COLOR in Spanish
16 Jul 96 p 18

[FBIS Translated Text] After nearly 36 years, Paraguay will resume formal relations with Cuba; specifically consular and trade relations. Paraguayan Foreign Minister Ruben Melgarejo Lanzoni yesterday announced that

the agreement on the resumption of ties will be signed on 1 or 2 August in Asuncion, during Cuban Foreign Minister Roberto Robaina Gonzalez's visit to our country.

The Paraguayan minister met yesterday afternoon with five of the six Paraguayan Foreign Ministry political advisers. During the meeting, they unanimously accepted the executive branch's decision to resume consular and trade relations with that Caribbean country as of 1 August.

After the meeting, Melgarejo Lanzoni explained that the decision "does not entail the recognition or approval of the Cuban Government system." Fidel Castro, who seized power on 1 January 1960, is Cuba's head of state and head of government.

Paraguay and Cuba established diplomatic relations on 25 August 1943 (two years before the end of World War II). Relations were severed on 5 December 1960, nearly one year after the revolution that permitted Castro to seize power. Now, after nearly 36 years, the two countries again will establish formal relations.

After the meeting, the Paraguayan foreign minister listed the reasons for resuming relations:

1. 80 Paraguayan scholarship holders are studying in Cuba;
2. Paraguay is the only Rio Group member country that does not have formal relations with Cuba;
3. Paraguay is the only Mercosur [Common Market of the South] member country that does not have relations with that country;
4. Because it is an inevitable political requirement; and
5. Because it conforms to a modern perspective being pursued by the Foreign Ministry's new management, among other reasons.

Asked if his ministry had received any U.S. pressure, Melgarejo Lanzoni responded: "We respect the self-determination principle and expect respect for our sovereignty as a government and a state. We did not receive any pressure."

Paraguay: Japanese Foreign Vice Minister Visits
PY1607165496 Asuncion ULTIMA HORA in Spanish
15 Jul 96 p 16

[FBIS Translated Excerpt] Japanese Foreign Affairs Vice Minister Hajime Ogawa, and Paraguayan Foreign Minister Ruben Melgarejo Lanzoni signed an agreement on the morning of 15 July under which Japan agrees to complete the financing of a project to supply potable water to the Itapua zone.

The signing and exchange of notes on the donation of 340 million yen (more than \$3 million) was held at the Foreign Ministry Hall of Ceremonies at 0930.

During the ceremony, Melgarejo Lanzoni thanked the Japanese Government for its important cooperation with Paraguay. He noted, however, that "Japanese investments in Paraguay have declined" over the past few years.

Melgarejo Lanzoni stated: "Japanese presence could be even more significant. We hope it will entail an immediate improvement in investments and in technical and scientific assistance."

Ogawa expressed pleasure at visiting Paraguay during the 60th anniversary of Japanese presence in Paraguay.

Ogawa stated that the Japanese Government will continue to grant assistance to Paraguay, taking into account the current excellent bilateral relations. [passage omitted]

This morning Ogawa promised President Juan Carlos Wasmosy that Japan will continue its policy of full assistance to Paraguay.

He made this announcement during an interview at the presidential office of the Government Palace, shortly before his visit to the Hospital de Clinicas and to Congress.

Ogawa is touring several South American countries, mainly those which comprise the Mercosur [Common Market of the South]. He told the press that he and Wasmosy analyzed bilateral issues and the situation of the Japanese immigrants in Paraguay.

"We will continue to support Paraguay because we have always maintained good relations with its government," said Ogawa, who arrived in Paraguay on 14 July, and will return to Japan this afternoon. [passage omitted]

This morning Ogawa officially delivered the air conditioners that were purchased with the \$31,871 donated by the Japanese Government to the Hospital de Clinicas, which operates under the Medical School of the National University of Asuncion.

This fund is part of Japan's grant-in-aid service. It was used to equip the various operating rooms and infant intensive care rooms at the Hospital de Clinicas. [passage omitted]

Paraguay: Oviedo's Supporters Rally Outside Congress

PY1707034796 Asuncion ULTIMA HORA in Spanish 15 Jul 96 p 8

[FBIS Translated Text] Approximately 200 supporters of the National Unity of Ethical Colorados [Unace] on the morning of 15 July staged a rally outside Congress. According to its organizers it will extend for 10 more days.

As this issue went to press, General Lino Oviedo's supporters failed to gather the 15,000 people they claimed were about to protest outside Congress and then march to the government palace to ask President Juan Carlos Wasmosy to release Gen. Oviedo, retired.

Almost the whole day Unace second-echelon leaders addressed the gathering, launching offensive slogans against the opposition, mainly against the National Encounter Movement, whose members they charged with being homosexual. They also reported on an alleged political shady deal to elect the members of the new Judicial Branch. Then former Army Commander Oviedo was heard delivering a recorded message in Guarani through a loudspeaker. In an absolutely paradoxical way, he urged his supporters to respect the laws and the Constitution, precisely the principles he had violated. This attitude was criticized by his political opponents and the entire population. He has been arrested on charges of having rebelled against the constitutionally elected authorities.

Paraguay: EU Official Views Economic, Political Situation

96SM0437A Asuncion ABC COLOR in Spanish 28 Jun 96 p 8

[Report on news conference with EU Vice President Manuel Marin: "Paraguay Cannot Turn Back on Democracy and Economic Progress"]

[FBIS Translated Text] *The EU vice president criticized the harsh political antagonism in the country.*

In the European Union's (EU) view, Paraguay cannot go back on matters of democracy and economic modernization, nor can it return to autarchic practices that are not practical for modern times, Manuel Marin, EU vice president said last night at a press conference at the Palacio de Lopez. He said that our country must embark on a series of economic reforms if it wants to maintain the cruising speed of the other Mercosur countries and attract European investment. He also considered the political antagonism in Paraguay to be excessive and abnormal.

The press conference dialogue follows:

[Question] What is the European Union's view of Paraguay's economic and political situation?

[Marin] Our analysis is that Paraguay has recently passed a very difficult test in what concerns its internal political situation. Fortunately, the result was positive in that it confirmed the general and majority desire of Paraguayans to continue the political and economic reforms, and it confirmed the wish to continue the democratic experience that Paraguay is living. Paraguay normalized its political situation in a relatively short time, but needs to continue in it. In addition, because of its participation in Mercosur and because there is a customs union, a common exterior tariff, and a series of economic and commercial commitments, it must align itself with what that organization will become in future years. For these reasons, Paraguay must undertake a number of economic reforms if it wishes to maintain the cruising speed that would normally result within Mercosur. Paraguayans can no longer waste time, and they cannot pretend that the country's situation is the same as it has been historically: a country turned in upon itself, hiding in itself, in its own contradictions, in its own difficulties. The world has changed for Europe, for America, for Mercosur, and for Paraguay within Mercosur.

[Question] Is Paraguay attractive to investments from the European Union?

[Marin] It will be attractive to the European Union to the extent that it acquires the cruising speed it must have in the short term. This is something that Paraguayans themselves must decide, and they must make this fundamental effort. They must not think that miraculous formulas and solutions will come from outside. Programs of assistance and interesting international agreements can come from outside, but the effort of mental preparation in the political and economic spheres must be from the Paraguayans themselves.

[Question] What are the political and economic measures that Paraguay must take in order not to lose the cruising speed that Mercosur requires?

[Marin] Paraguay should implement economic planning that would allow it to examine much more rationally subjects that are sensitive from a domestic political point of view, such as the politics of privatization, rationalization of the country's administration, and an improved political model. I do not know if you are aware that the level of aggressiveness and harshness of Paraguayan political antagonism exceeds the norm. You are in a political situation where, much more than looking at the future, there is ferocious political antagonism that ends by consuming energies, distracting attention, and not

accomplishing required tasks. Therefore, one must proceed to a model of political and economic rationalization from consensus, tranquility, and lowering the volume of political debate. Paraguay's situation should be conceived as irreversible; it is not possible to turn back on the subject of democracy and economic modernization. It is impossible to return to autarchic formulas, because they are no longer practical.

[Question] Despite the political progress we have experienced since 1989, there is a social debt that cannot be paid. How can the EU help to resolve this situation?

[Marin] Poverty can cause many problems for America if there is not a better economic distribution, which Paraguay must also carry out. There is money in this country, at home, and abroad. Paraguay could make better distribution of its national income, and this would have economic, political, and social advantages for the country. This is why the EU, when it can, concentrates the operational portion of its assistance on two areas: health and education, because they are fundamental parts of the social debt.

Paraguay: New Banking Law Discussed

96SM0437B Asuncion ULTIMA HORA in Spanish
24 Jun 96 p 13

[Unattributed article: "The Executive Promulgates New Banking Law"]

[FBIS Translated Text] *A New Challenge for the Financial System*

With the new banking legislation, a new phase is opened for a dysfunctional financial system that requires urgent change.

This morning the executive promulgated the new Law 861/96 for Banks, Financial Companies, and Other Credit Institutions, thus closing a rather negative chapter for the national financial system and opening another that poses great challenges in matters of solidity, efficiency, and openness.

The legislation is considered by economic authorities and analysts to be a fundamental instrument capable of transforming the eroded image of the national financial system, which in recent months experienced serious difficulties, principally due to structural weaknesses of financial firms.

The articles of the new banking law are rather innovative in that sense, and they aim at improving the solvency and liquidity ratios, in incorporating technical relationships based on the Convention of Basel.

If the legislation is applied correctly, the "books" of judicial discretion contained in the previous Law 417/

71, which caused havoc in the system last year, will automatically disappear.

Cleaning Up

The new Law 861/96 for Banks and Financial Companies contains a series of innovations having a single objective: to clean from the system insolvent and inefficient institutions, which were mainly responsible for the financial damage of 1995.

The changes include the nominativity of 50 percent of shares, an increase in the minimum capital of financial companies, and the establishment of the technical criteria of the Convention of Basel.

The law also establishes guidelines for the relationships of persons connected to banks and financial companies, a subject of great importance for our country, keeping in mind the problems that arose last year with the General, Bancopary, and Mercantil banks.

The heads of these institutions used the depositors' funds to finance their commercial ventures, causing financial imbalances that culminated in the collapse of the business group.

Mergers

One of the most interesting chapters of the new legislation deals with the possibilities for mergers between financial institutions.

In the current situation, this alternative emerges as the only solution for many firms experiencing problems of solvency and liquidity, and, that lacking new capital, do not know how to resolve their difficulties.

Also, the article that establishes openness of information can help the financial system to regain credibility, as it requires the institutions to provide information regarding their accounting and financial situations.

Furthermore, the monetary authorities will be required to publish these reports quarterly, in order to inform the public regarding their investment decisions.

[Box, p 13]

Principal Features of the New Financial Legislation

- The "nominativity" of the shares is a way of knowing who is behind large sums that are traded without significant controls.
- Minimum capital: minimum capital will be: a) banks, \$5 million; b) financial and other savings and loan institutions, \$2.5 million.
- Registry of shares: the Superintendency of Banks will receive a copy of the registries of shareholders in banks and financial companies.

- Associated persons: Companies must identify and evaluate the persons and firms associated with their portfolios as a single unit of risk.
- The obligation of secrecy will not extend to information of a combined nature and qualifications that are supplied by the Central Bank of Paraguay and the Superintendency of Banks.
- Credits may not exceed 30 percent of the bank's effective patrimony.
- Openness of information: requires the institutions to provide information regarding their accounting and financial situations, and the financial institutions to publish them quarterly.

Peru

Peru: Clinton's Diplomacy Toward Colombia Criticized

PY1607221496 Lima EXPRESO in Spanish 15 Jul 96 p A31

[Commentary by Patricio Ricketts Rey de Castro: "Nonsense"]

[FBIS Translated Text] Public opinion at the national and international levels and in the Americas agree that to deny the U.S. visa to Colombian President Samper is nonsense. The decision is both deliberately offensive and ineffective. Samper is the chief of state of a country with great resources, not some wetback anxious to surrender himself to be exploited by the United States. If he wishes to go to New York to explain his points of view before the United Nations, no one can stop him from doing so.

In addition, Clinton is wrong, seriously wrong, in belittling his disagreements with Samper — which he did not uphold at the proper time when the Colombian leader won the presidency amid charges of scandal — to an alleged punishment that is usually granted to a vice consul.

It is obvious that the shot is off target. The only thing it proves is that the shooter doesn't know what he's doing. What is worse: In these election months, in which it has been shown that rough play pays off and that it is almost indispensable, President Clinton's outbursts constitute a peril to the world. The enforcement of the Helms-Burton law, repudiated by Europe and not supported by any country, is another expression of the same phenomenon. The same is true of the veto on Butrus Butrus-Ghali because he objects to Israel's conduct.

Twenty Conditions

As for the Samper case, this column has been the only Peruvian publication which for more than one year has been pointing out the seriousness of the multiple and

lasting contacts that the Colombian president has had with drug traffickers. Samper was a legislator. Like the people involved in the inter-American dialogue in the United States, he constitutes a problem. But he is a problem for Colombia, not for the Clinton administration. What the Colombian Congress has done is deplorable and it is a discredit for Colombia, but it does not justify the United States adopting a John Wayne-type of Yankee diplomacy.

Who is Clinton to impose 20 conditions on the Colombian Government? According to the Bogota press he has threatened to enforce sanctions as of 30 September? Does his self-styled "sheriff" [previous word in English] badge authorize him to demand a revision of the Colombian Constitution, the extradition of drug traffickers, the fumigation of coca and poppy fields with a herbicide more powerful than glyphosphate — which he will later impose on us — as well as to demand greater security in Colombian jails? Is not a fact that this true ultimatum constitutes a true coup d'etat prompted by another country? Moreover, is Clinton combating drug trafficking with the same force in his own country? Is there any indication — let alone evidence — that may suggest such a thing?

Colombia in Danger

Meanwhile, Colombia is in danger. Admiral Holdan Delgado, general commander of the military forces, and Army Commander General Harold Bedoya maintain that the budget cuts and other measures have them "hand tied" to combat narcoterrorism and subversion. They demanded \$2 billion but they got \$500,000. Meanwhile, narcosubversion has \$1.7 billion.

In addition to their financial qualms, Harold Bedoya has other complaints. He charges that the Constitution and the laws have "tied their hands." He added that Peruvian General Hermoza [chairman of the Armed Forces joint command] has warned them: "change the legal framework or you won't be able to do anything." Is this the entire objective of this visa nonsense? One must be careful!

Peru: Paper on Continued U.S. Support for MOMEF Noted

PY1607221696 Lima EL COMERCIO in Spanish 12 Jul 96 p A2

[Editorial: "Guarantors' Significant Support"]

[FBIS Translated Text] It is fitting that the Ecuador-Peru Military Observers Mission (MOMEF) should have decided to ask the United States, one of the guarantors of the Rio de Janeiro Protocol, to continue lending — at least partially — the logistic support it is currently

providing for the peacekeeping activities on the northern border with Ecuador.

As has been reported over the last few days, the MOMEF will suggest to the United States that — before making a decision about the withdrawal of its logistic support — it should consider the possibility of continuing to finance the permanence of 33 U.S. servicemen and three of the four helicopters that are currently patrolling the demilitarized area.

It goes without saying that viewed from several different angles, it would be most welcome if the United States did not trim its support for MOMEF, a peacekeeping mission in which Argentina, Brazil, and Chile are also participating.

First and foremost, it should be emphasized that the aforementioned human resources and equipment are most useful. Moreover, the United States ought to be on a par with the other guarantor countries which, following the armed conflict sparked by the Ecuadorians in January 1995, continue their commitments taken on under the 1942 Protocol and the Itamaraty Peace Accord.

Likewise, it should be borne in mind that the solution to the border dispute — that is, the final demarcation of the border between Peru and Ecuador — is not a problem that only concerns the countries involved but rather has characteristics that should awaken the interest of the region, as it is not only Peru and Ecuador's responsibility but also that of the guarantor countries.

This notwithstanding we believe, just as Peru has argued, we should adopt a rather flexible position on U.S. requirements given the fact that the maintenance of missions like the one performed by the MOMEF for extended periods of time is not an integral part of U.S. foreign policy. Besides, it should be pointed out that above and beyond the logistic support for peacekeeping on the Peruvian-Ecuadorian frontier, what ought to be consolidated is full respect for the provisions of international law which, like the 1942 Protocol, stipulate among other things what the role of guarantors should be.

It is to be expected that the U.S. Government will accept the suggestions made by the MOMEF so that the efforts to reestablish peace between Peru and Ecuador may really proceed along the appropriate channels.

In light of the position adopted by Ecuadorian President-Elect Abdala Bucaram — who only a few days after the presidential elections unexpectedly visited Aguas Verdes on the northern border to express his desire to strengthen peace "so as to consolidate the integration of both peoples" — it is possible to assert that the

current circumstances are favorable for this endeavor. Our vocation for peace and our interest in furthering wholesome bilateral cooperation have informed all our actions. Therefore, it only remains for Ecuador to live up to the remarks made by its president-elect.

For this very reason, the public hopes that Mr. Bucaram's good intentions will be conducive to lasting peace between Peru and Ecuador.

Peru: Fujimori Refrains From Supporting Vice President

PY1607223296 Lima EXPRESO in Spanish 13 Jul 96 p A4

[FBIS Translated Excerpt] On 12 July, President Alberto Fujimori asserted that the state will maintain its presence on board of directors of Telefonica de Peru [telephone company] — with a number of representatives that still remains to be defined — and will count on the supervisory tasks undertaken by Conasev [National Supervisory Commission for Enterprises and Securities] and Osiptel [National Supervisory Commission for Private Investment in Telecommunications] "to protect national interests."

The head of state explained that this decision was made in the wake of the failure of negotiations between the incumbent administration and Telefonica de Peru following the executive's decision to sell 3 percent of its shares in the telephone company. The executive was negotiating the maintenance of two representatives on the Telefonica de Peru board.

Commenting on the situation of Second Vice-President Cesar Paredes Canto, Fujimori said that he could not give his support to any government official "blindly, without knowing the courts' decision" on this case.

As is common knowledge, criminal charges have been pressed against Paredes Canto for allegedly collecting bribes (traffic of influence) from the Export Air company, which is being investigated in connection with the third-party sale of Argentine weapons to Ecuador during the armed conflict between the latter and Peru.

The chief of state underscored: "I would like to reiterate that such allegations must be heard by the appropriate authority having jurisdiction over that matter." Fujimori went on to say that the inquest into the shipment of cocaine hydrochloride recently found on two Navy vessels will be expanded in order to conduct a "comprehensive investigation into the entire Navy to see whether there are any other ramifications." [passage omitted]

Peru: Ecuadorans Said To Launch 'Operation Sovereignty'*PY1607184696 Lima EXPRESO in Spanish 15 Jul 96 p 2A*

[FBIS Translated Text] In an action interpreted by the Peruvian media as a challenge to President-elect Abdala Bucaram and his recent expressions of friendship toward Peru, General Paco Moncayo Gallegos — Ecuadoran Armed Forces commander and main promoter of the nationalist belligerence in Ecuador — has ordered the mobilization of troops toward provinces on the Ecuadoran-Peruvian border.

Consulted by EXPRESO, General Daniel Mora Zevallos, the Peruvian liaison officer before the Ecuador-Peru Military Observers Mission (MOMEP), yesterday said the mobilization of troops to the Provinces of Loja, El Oro, Zamora, Chinchipe, and Morona Santiago constitutes "a flagrant violation of the peace agreements and measures of trust that were recently signed by the two countries."

Mora Zevallos said: "It is incomprehensible that Ecuadoran officials and military chiefs speak of the importance of security measures, yet do precisely the contrary."

Sources consulted in Lima stated that Moncayo's attitude places Ecuadoran President-elect Abdala Bucaram in an uncomfortable situation in view of the latter's visit to Aguas Verdes, during which he gave clear signs of the pacifist guidelines of the future Ecuadoran administration.

Moreover, Quito sources report that — within the military promotion scale and in view of his years of Armed Forces service — Gen. Moncayo Gallegos will be up for retirement this year, "unless unusual circumstances" prevent it for happening. The sources added that this decision can only be made by the president, but the Ecuadoran military leadership may pressure President-elect Bucaram to adopt such a decision.

EXPRESO has learned that foreign policy experts believe the so-called "Operation Sovereignty" that Gen. Moncayo is personally leading comprises 40,000 men. It was reported that among them are many youths from the Shuaro ethnic group who have been recruited over the last few months.

It was reported that "Operation Sovereignty" will be launched on 19 July. It seeks to "train troops to use HN-5A missiles, twin 37-mm anti-aircraft guns, 49-mm anti-aircraft guns, laser guidance systems, and war equipment acquired from China during General Jose Gallardo Roman's administration at the Defense Ministry. [no closing quotation marks as published]

Intelligence sources say Chinese experts are also reportedly participating in the operation, advising on the handling of Chinese weapons. The majority of them are reportedly former military men contracted in Bangkok. The sources add that a citizen of Chinese descent, who was contacted two months ago for business reasons, reportedly informed the Peruvian intelligence service of the alleged presence of the former Vietcong veterans.

Peru: Popularity Potential of Government Analyzed*96SM0425A Lima SEMANA ECONOMICA in Spanish 23 Jun 96 pp 3-4*

[Unattributed article: "The Government Under the Magnifying Glass"]

[FBIS Translated Text]

How Will Fujimori's Approval Rating Fare?

One of the indicators that economic and financial analysts—both domestic and foreign—are monitoring with particular interest is the approval rating of the president of the Republic, especially in a country such as Peru, which is still involved in an effort to consolidate a program of structural reform. This indicator is viewed by many analysts as a good way to determine the degree of general acceptance of the government and—by extension—of the nation's political and economic stability, which in turn contributes to the overall image of the nation's business climate. How has this indicator changed recently, and how might it evolve in the future?

Volatile

We learned last week how volatile public opinion in Metropolitan Lima can be—and the extent to which the most recent events can influence the public response to a pollster—when two polling firms published results that appeared to be contradictory. Whereas APOYO Opinion and Market recorded a rise of six percentage points in the approval rating for the performance of President Alberto Fujimori (from 59 percent in May to 65 percent in June), Imasen recorded a drop of 5.6 points.

One possible explanation of the difference is the date of each survey. Whereas APOYO's poll was conducted on the weekend of 7-9 June, the Imasen poll was taken between 12 and 14 June. An important event took place between the two polls: the gasoline price increase on Tuesday 11 June, the same day as the privatization of La Pampilla and Tracts 8 and 8x of Petroperu [State Petroleum Agency].

In this way, public opinion is reacting to a number of events that are taking place in the nation's economic and political life. Identification of these events can assist in

forecasting the future evolution of President Fujimori's popularity.

To His Advantage

A number of factors may have helped to raise the president's approval rating, such as the APOYO Confidence Index (ICA), which is a consolidated number based on the responses to four questions designed to determine a) the president's popularity, b) the public's assessment of the government's economic policy, c) the evolution of the economic situation of households during the past year, and d) the public's expectation of what will occur next year. The ICA rose from 0.3 in May to 0.7 in June.

1. In the APOYO survey, the signing of the *letter of intent with the IMF* was viewed as positive by 71 percent of those interviewed who had heard about it (47 percent). It should be noted that 63 percent of those classified in Socioeconomic Level D—the poorest level—also approve of the IMF accord. Moreover, 69 percent believe that it will in fact be possible to implement the provisions of the IMF accord.

2. The signing of the accord with Shell-Mobil to exploit the *Camisea* deposits also works to the advantage of the government's political position, especially because of the anticipated impact of the accord over the medium term.

3. In general, President Fujimori's trips abroad have redounded to his advantage on the domestic front. *His recent trip to the United States* may not have been an exception to this rule.

4. The recent action taken by Sunat (National Tax Administration Superintendency) has in general been viewed as positive by public opinion. Of those surveyed, 66 percent believe that Sunat is either very efficient or efficient, while 57 percent approve the performance of Superintendent Adrian Revilla (only 14 percent disapprove and 29 percent have no opinion on the subject). Moreover, 27 percent believe that Sunat has improved its performance in recent weeks, and 50 percent believe that "its performance is unchanged."

5. The offer of shares of the Peru Telephone Company—made by the *Citizen Participation System*—is another favorable event: 68 percent believe it will have a positive impact on saving by citizens, and 27 percent say they have considered buying stock. In fact, with only two days remaining before the offer ends, the results have more than exceeded initial expectations among domestic and international investors alike.

6. One factor that could work to the advantage of the government in the future is the *program for the formalization of informal titles to property*—a program

that is oriented toward the poorest sectors of the population. By facilitating the formal ownership of property and a simpler method of recording titles, the program seeks to mobilize credit and investment capital for basic services and could generate an increase in property values.

7. Another factor that may have benefited the image of the government recently is the *anticorruption campaign*. The legal action taken in the cases involving the FAP (Peruvian Air Force) plane that was transporting drugs; the former head of Inabif (National Family Welfare Institute), Ana Kanashiro; and the former executives of the Popular y Porvenir (People and Future) company—together with the dismissal of a number of personnel of the National Police—have caused 62 percent of the population to believe that the government is making an effort to eliminate corruption from the public institutions.

8. Lastly, it can be anticipated that during the second half of the year *production will recover* and achieve a growth of better than 5 percent, so that growth for the entire year will border on 3 percent.

To His Disadvantage

In contrast, there is another group of events that may be working against the political position of the government and/or in the future could have an adverse effect on the government itself. A majority of the public do not react to incidental events even though those events can alter the result of a particular public-opinion poll, but rather to events that—although less visible—create in a more substantive way to the formation of medium-term trends in public opinion.

1. *The public's evaluations of the first and second Fujimori administrations differ.* Whereas 84 percent believe that performance was good in the first administration, only 61 percent—23 points less—hold that opinion of the second. Contrastingly, only 10 percent appraise the first administration as "bad," as opposed to 28 percent who hold that opinion of the second. It can therefore be concluded that the president's performance in his second administration has entered a different phase of popularity, perhaps because the great expectations that were generated at the moment of his reelection may not have been satisfied. This can be seen both in the evolution of the president's approval rating and in that of the ICA.

2. One explanation of the foregoing facts is the public's *perception that things have gotten worse* in the past 12 months, as reflected in the responses to a question asked of the individual citizens: In your opinion, how does the present economic situation of your household compare

to one year ago? By comparison with the situation that prevailed in April 1995—when 35 percent said it was better and 17 percent said it was worse—today only 18 percent say it is better while those who feel it is worse have increased to 38 percent. This change occurred during a period of deceleration of the rate of growth of the GDP, which it is estimated will be only 0.6 percent for the first half of the year.

3. There is a corresponding decline in the public's expectations. Whereas 62 percent in April 1995 anticipated that the economic situation of their respective households would improve, today only 32 percent believe it will. On the other hand, the proportion of those who believe their situation will worsen rose in the same period to 24 percent from 6 percent.

4. One factor that in the future could militate against the political position of the government is the *modernization of the public administration*. It is hoped that the actions to be taken will enhance the performance potential of the public sector and the possibility of providing better services to the citizens. This will, however, require an effort the benefits of which might not become apparent to the public for some time. On the other hand, some of the costs can be "paid for in cash," notably by the elimination of an estimated several thousand jobs within the state apparatus.

5. Another recent development is the fact that the streets of Lima are gradually becoming a venue for antigovernment protest actions, as in the recent case of the construction workers who are employed on public works projects and—perhaps more to the point—the marches in connection with the Glass of Milk (Vaso de Leche) municipal program.

The Future

The government's approval rating in the coming months will depend on the evolution of situations such as those mentioned above. In this context, it is clear that *economic questions will be the most important*, and this will be reflected in the trends that are established with regard to expectations of an improvement in the economy of individual households. Although these expectations have been declining, approval of the president remains high, and this will serve to strengthen the government's determination to activate its economic reform program while maintaining the essential elements of the economic program already in progress. In any event, the important question is: How much popularity is the government prepared to lose in the process of implementing its reforms?

Form: "Unexpected" Size of Foreign Debt Discussed
96SM0425B Lima CARETAS in Spanish 27 Jun 96
p 1

[Unattributed article: "How Come?" — received via Internet]

[FBIS Translated Text] *Following the recess approved by Congress pursuant to its legislative powers and the disclosure of the unexpected size of the foreign debt, the economic situation has once again become cause for concern.*

The Good News

The good news is that an estimated \$1.5 billion of the government's stock holdings in the Telephone Company will probably be sold in the North American, European, and Asian markets.

The Bad News

The bad news is that the Central Reserve Bank (BCR) suddenly increased the total of the foreign debt by no less than \$4.574 billion, offering only generic explanations that were not very convincing. The BCR's action constitutes an onerous chapter that contrasts with the financial optimism that appears to dominate the Peruvian scene. There is no justification for this increase, which is undoubtedly based on political and economic considerations. So far, the BCR has said only that it is "an adjustment of accounts," while the Congressional Committee on the Budget—through its chairman Carlos Blanco—says that the increase is a "preliminary step in updating the accounts" and that basically, "the debt has not increased but has decreased." In short, what we have is a prevalence of esoteric explanations—and the emergence of a certain cynicism—in a country that is increasingly reluctant to express its serious doubts concerning the existing financial and economic policies.

As Economy and Finance Minister Jorge Carnet's lightning trip nears its end, President Alberto Fujimori has great expectations that it will enable him to rise again in the polls.

In effect, Carnet has made a hasty tour of Paris, Rome, The Hague, and Bonn. It is an attempt not only to draw attention to the "road show" [preceding two words in English] of the sale of shares of the Telephone Company—at meetings planned down to the smallest detail by JP Morgan, who successfully managed the operation—but also to pave the way for the meeting with the Paris Club, scheduled to begin on 15 July. Today, as Jorge Peschiera, his foreign affairs adviser, is speaking with a group of

French businessmen, Camet will be received by Jean D'Arthuis—minister of Economy in the cabinet of Alain Juppe—in the hope that D'Arthuis will open the ears (and the spirit) of Treasury Secretary Jean Claude Trichet, who chairs the meetings of the famous Club.

The panorama of spectacular announcements accordingly appears to have been clarified in the presidential agenda, which has already scheduled a triumphalist address for 28 July, the anniversary of Fujimori's second term.

Long Distance

The progress made in the sale of the government's shares of stock in the Telephone Company—on the international as well as the national market—is transforming the mood of even the most pessimistic observers. The demand for the stock has exceeded all estimates. One week before Monday 1 July—the date on which the price per share will be established—it was already certain that all the shares had found buyers on the international market.

These shares have a total value of \$1 billion, divided into \$700 million for the U.S. market and \$300 million for the Asian and European market.

Four days before the deadline for registration of applications to buy, demand in both markets was already 10 percent greater than the total of shares offered. There were obviously many smiles. On Tuesday (2 July), Rafael Hernandez and Ignacio "Nacho" Santillana of the Telephone Company, Javier Tovar of CEPRI (expansion not given), and numerous institutional investors celebrated in the grand ballroom of the Hotel Plaza. All of them had been invited by Susana de la Puente of JP Morgan.

One curious technicality—"After market support" (preceding three words in English)—associated with this avalanche of orders is the fact that many of the applicants represent large companies that take part in the stock exchange's roulette game on a minute-by-minute basis: they include, for example, IDS/American Express, TCW, Alliance Capital, and Morgan Grenfell, among others. This detail is not anecdotal and can be a minor headache. Why? If one of these companies—in order to obtain a quick profit—decides to sell a sizable block of stock, it could encourage a downward trend in the price of the stock quoted on the exchange and thereby conspire against the principle that the stock is sold as a medium-term investment. That is why, in operations of this type, massive participation by small U.S. and European savers is encouraged. Accordingly, beginning next Tuesday, 2 July—when the stock will be offered for sale on the New York Stock Exchange—the Peru-

vian Government should encourage those in charge of the sale to limit the amount of stock sold to the big investors so that a larger number of small investors can participate.

Lima, for its part, was not to be outdone. It is forecast that 190,000 Peruvians will have invested a total of approximately \$250 million by the time the sale is completed.

Carlos Blanco Oropesa, chairman of the Congressional Budget Committee, says that the increase of more than \$4 billion in the foreign debt "is not an adjustment but a preliminary step in updating the accounts, and the debt has not increased but has decreased."

As matters stand, it is obvious that the stock offering was rather small. The government offered for sale 23.6 percent of the total of 28.6 percent, keeping a fraction for itself, perhaps recalling the "Green Shoe" (preceding two words in English) effect, which consists of selling one's reserves in order to be able to fill a greater number of orders.

Large Storm Clouds

All is not rose-colored, despite the Parisian accents.

What has happened to the BCR accounts to cause the foreign debt to shoot up by \$4.574 billion in only one week?

BCR Vice President Mario Tovar caused a variety of spectacular reactions when he disclosed that the foreign debt has reached \$32.061 billion, according to Weekly Notice No. 22, published on the Day of the Pledge of Allegiance to the Flag.

One week previously, BCR Weekly Notice No. 21 (31 May 1996) had recorded the foreign debt at \$27.487 billion.

Tovar was able to explain, however, that the reason for this sudden increase is the arrears that the government has acknowledged to the commercial banks.

Nonetheless, \$4.574 billion is too large a sum to be ascribed simply to arrears that have been acknowledged.

Especially because Economy and Finance Minister Camet seized every opportunity to promise that "the government would acknowledge neither arrears nor penalties owed the creditor banks (8 July 1995). His principal adviser had even declared "that the arrears demanded by the commercial banks add up to no more than \$1 billion." (4 April 1994, French Alliance [Alianza Francesa]).

Until recently, when Camet indicated that the debt negotiated under the Brady Plan amounted to \$10.56 billion, former minister Carlos Bolona recalled that the commercial bank debt did not exceed \$8 billion and commented that "it is very easy to increase the debt and then say we that have saved enough."

By his statement, Bolona was belittling the \$5 billion in savings that President Alberto Fujimori frequently mentions and also the well-publicized 53.9 percent reduction that Camet cited in an appearance before the Congressional Budget Committee.

In an effort to calm the waters, Mario Tovar declared that the sudden increase in the arrears would have no real economic effect, inasmuch as in the BCR's opinion, publishing the fact that the foreign debt is not \$27.487 billion but \$32.061 billion has no impact outside the realm of bookkeeping. It is what in Central Bank jargon is called "painting over the debts."

Budget Committee Chairman Carlos Blanco Oropesa came to Tovar's assistance, and in so doing created a new metaphor that is a stylistic impossibility: he asserted that "it is not an adjustment but a preliminary step in updating the accounts, and the debt has not increased but has decreased."

It is a peculiar kind of logic, especially because the amount of the debt is not just another number that can be altered at will, for it represents a liability that sooner or later we Peruvians must discharge by the payment of taxes.

Moreover, the amount of the debt is the only true parameter for evaluating the advantages of the existing strategy for reintegration into the international financial system.

When President Fujimori began his presidency (on 28 July 1990), the foreign debt—according to the BCR—totaled \$32.061 billion.

During the five years and 10 months (70 months) that Fujimori has been in office, the foreign debt has increased by \$12.897 billion.

In other words, despite Economy and Finance Minister Camet's negotiating skills—which the president never tires of praising—the debt is growing at an average rate of \$185 million per month!

If to this you add the fact that Deputy Finance Minister Alfredo Jalille opens his coffers religiously every month to pay an average of \$100 million of the debt, you can conclude that the current strategy for reintegration into the international financial system is to take one step forward and two steps back. It is the cruelest of processes—a modern version of the myth of Sisyphus,

the king of Corinth who according to Greek mythology after his death was sentenced in hell to push an enormous rock to the summit of a mountain, from which it always rolled back down again.

These BCR accounts have made Peru the country that has the highest ratio of debt versus exports (almost five times exports).

In round numbers, it is customary to break down the debt into:

a. To commercial banks: \$8 billion. b. To the Paris Club: \$8 billion. c. To multilateral organizations (IMF, IDB): \$3.5 billion. d. To suppliers: \$1.5 billion. e. To former socialist countries: \$1.3 billion. f. To Latin American countries: \$800 million.

Fritz Dubois, another of Camet's advisers, told a forum at the French Alliance that although the debt has grown at an annual rate of 3 percent during the Fujimori administration, during the previous democratic governments the debt recorded an annual increase of 14 and 12 percent respectively.

If the 3 percent annual growth rate cited by the economic team is correct, the debt should be significantly less (\$22.5495 billion).

On a date yet to be scheduled, BCR President German Suarez will appear before the Permanent Committee of the Congress—at the request of Congressman Ernesto Gamarra—to explain why, in its weekly notices, it records a debt of \$32.061 billion, which would entail an annual growth rate of 9.22 percent.

We are confronted with an extremely serious situation that has undeniable political effects. Before proceeding to make a more profound judgment, however, we should hear some precise and clear explanations made by the Central Bank. It is on the basis of this cautionary note that CARETAS proposes, for the moment, a hypothetical exercise that consists of identifying at least five possible explanations in an attempt to understand—not to justify—the reasons for the substantial growth in the figures thrown out so cheerfully by the BCR.

1. The first explanation: The debt contracted recently with international organizations such as the IDB and World Bank by the Fujimori administration (1990-1996) has increased considerably. In other words, it would no longer be \$3.5 billion—as official sources insist—but many millions more, even in the absence of any further information in this particular. Furthermore, this likely festival of loans bears no relationship to the idle reserves that the nation possesses as a result of the privatizations.

2. Another possible explanation—although it does not explain everything—is the fact that the debt owed to

the countries of the Paris Club has increased. As far as is known, Economy and Finance Minister Camet has been mentioning the sum of \$9.3 billion, which is \$1.3 billion more than the figure that was being used.

3. The third possible explanation is even more controversial, in the event that the BCR—at its own risk—has increased the amount of the debt owed Russia by revaluating the ruble. When the Russian arms were purchased, the exchange rate was 1.66 rubles per dollar and now is 5,000 rubles per dollar. In this way, the debt could expand from \$100 million to \$1.5 billion, according to Silvia Charpentier, an expert on the subject of debt. Moreover, now that Camet has alleged that an unsuccessful attempt was made to bribe him, it would be very difficult to demonstrate that the lads of the BCR are saints.

4. The fourth explanation also lacks transparency. It could be that the suppliers have been rewarded with arrears that they never expected in their wildest dreams.

It would be advisable and beneficial for the BCR to publish—or present to the members of Congress—the report that breaks down the foreign debt into individual creditors. Suarez promised this information to the Budget Committee, which is still waiting for it.

5. The fifth explanation could relate to some important purchase that has been made in recent months and that for security reasons has been kept strictly secret.

Peru: Senior Military Linked To Insurance Investigation

96SM0425C Lima LA REPUBLICA in Spanish
30 Jun 96 p 1

[Unattributed article: "Government Continues To Block Investigation of the Popular y Porvenir Company" — received via Internet]

[FBIS Translated Text] Congressman Ernesto Gamarra Olivares, a member of the Congressional Investigation Committee, maintained that the government is continuing to block every investigation of the Popular y Porvenir (Popular and Future) company, inasmuch as the pro-government majority not only thwarted the initial summons that the Investigation Committee issued to the executives of that company but is delaying the second summons.

Gamarra explained that this order was presumably issued because two of the power groups in the government—the group led by Santiago Fujimori, brother of the president of the Republic, and the Army group—are implicated in the irregularities that have occurred in the handling of the insurance policies managed by Popular y Porvenir.

He also said that the investigation must henceforth be more diligent and timely, in view of the reputed involvement of the commanding general of the Army, Nicolas Hermoza Rios, whom Popular y Porvenir Board Chairman Augusto Miyagusuku—in a message to President Alberto Fujimori—has accused of obtaining commissions on insurance and reinsurance transactions.

Hermoza was reportedly even implicated in the alleged payment of \$4.828 million by Popular y Porvenir as indemnification for seven damaged MI helicopters that were stationed on the northern front but have never been replaced—something that would constitute a serious risk with respect to military strategy in a hypothetical new military conflict with Ecuador.

According to military sources that prefer to remain anonymous, three of the seven helicopters—for which Popular y Porvenir paid an insurance policy of \$4.828 million through the arms supplier Debrett Enterprises—were damaged in the most recent military conflict on the Upper Cenepa.

Why Was General Pancorvo Replaced?

These sources also specified that it was the then head of the Army Logistics Command (Cologé), Major General Manuel Pancorvo, who signed the document sent to Popular y Porvenir requesting payment of the policy that covered the damaged aircraft.

Almost at the same time the Popular y Porvenir scandal broke out, Pancorvo was replaced at Cologé and was appointed Inspector General of the Army, a post he held only a short time, inasmuch as he has just been assigned to the IADB [Inter-American Defense Board] in Washington, replacing Major General Jose Cabrejos, who retired.

In the light of all this evidence, Gamarra insisted that the insurance company scandal compromised not only one sector but the government as a whole.

He even alleged that the former president of Inabif, Ana Kanashiro de Escalante, was "sacrificed" in order to cover up the Popular y Porvenir affair, despite the fact that the sum involved was much larger in the second scandal.

"The idea was to demonstrate that the government was moral and had not hesitated to accuse Kanashiro, through Minister of the Presidency Jaime Yoshiyama," the congressman declared.

Moreover, he said, the Popular y Porvenir fraud has compromised both the company and the government agencies involved.

Gamarra believes not only that the Congressional Investigation Committee is evading this responsibility but the Office of the Comptroller General of the Republic as well, inasmuch as the law allows it to intervene in private companies that are the recipients of government funds.

He said that 98 percent of the administered stock shares come from the state, inasmuch as they are held by the Armed Forces, Petroperu [State Petroleum Agency], and other government entities.

He said he had noted that the government's investigative agencies are not intervening as they should in an effort to shed light on this case and punish those responsible.

Gamarra said that last Tuesday [25 June] the opposition members of Congress repeated their request to Miguel Velit, chairman of the Investigation Committee, asking him to issue another summons to the members of the board of directors of Popular y Porvenir.

Velit replied that he was going to issue a summons for them some time during the week, but he did not do so.

Gamarra said that when the Committee meets this coming Wednesday [3 July], the opposition will insist that its request be honored.

He said that the first summons—which was for Thursday 20 June—came to nought for lack of a quorum, because of the absence of members of Congress who belong to the majority.

Peru: Opposition Paper Criticizes Foreign Debt Revelations

96SM0425D LA REPUBLICA in Spanish 30 Jun 96
p 1

[Unattributed article: "The Foreign Debt: Another Tiwinza" — received via Internet]

[FBIS Translated Text] Several days ago a Central Reserve Bank report confirmed that Peru's foreign debt grew in six years to \$32.061 billion from \$19.164 billion. In this way, thanks to the deceitful reintegration [into the international financial system] that had been promised, every Peruvian, young or old, now owes \$1,335 (3,337 soles) to foreign creditors. What is even a little worse, each of the 4 million Peruvians who are employed (white- and blue-collar workers and those who work in the informal economy) will have to pay \$561 (1,402 soles) every year for interest alone.

The huge increase in the debt (67 percent) has serious consequences. It is the worst of the time bombs left by the dictatorship, because in order to pay this growing—and uncontrollable—debt, all of the state enterprises have already been sold (after their workers were fired);

the electric power generation and water systems have been sold; and there are threats to sell the oil industry. The debt has nonetheless risen by 67 percent.

In order to pay the debt, the rates for telephone service have more than tripled in two years (by 304 percent). It is something that can occur only under a cynical and manipulative dictatorship: in Spain, for example, telephone rates increased by only 8 percent in the same two-year period, whereas in Peru the same Spanish public company increased its rates by 304 percent. A similar situation prevails with respect to water, electricity, and everything imaginable—but the debt has increased by 67 percent nonetheless.

In order to pay the debt, the austerity adjustments and readjustments will be increasingly severe. In six years the number of Peruvians in a condition of extreme poverty rose to 15 million from nine million. They are the victims of the Fujimorist "modernization," because the model that was chosen is gradually strangling the nation in order to serve foreign interests and a handful of privileged persons. As a result, farewell to a free education, farewell to wages, farewell to jobs. This is a government of mestizos who can be bought cheaply and are treated like vassals of a Japanese fiefdom.

This state of affairs is accepted by the Central Reserve Bank. The lies of Fujimori and his cabinet minister have been unmasked. Accustomed to saying anything they please with cynical impunity, they declared that "the debt was \$24 billion" (Fujimori, 26 May). Who is punishing these liars? What judicial authority is standing up to them?

What is certain is that in the 60 months under Fujimorism, the debt has grown by \$17.897 billion—in other words, by more than \$200 million per month, despite paying \$120 million per month to service the debt. By accepting this debt in order to finance the autocracy, we have already sold the blood of all Peruvians for the next 50 years.

To conceal this truth, we are given more circuses: perhaps a foreign war and another shameful defeat. A new psychosexual saga is invented every day by the intelligence services. The claim that the Brady Plan will reduce the debt is another clumsy lie, because in every country the Brady Plan has turned out mathematically to be an agreement to pay more. Or they will say that a mistake has been made by low-level officials, or it will be discovered that once again the suppliers have been rewarded, by acknowledging arrears or by revaluing the amount owed, in the most scandalous kind of deal ever heard of.

In short, the truth is that in six years the debt has grown to \$32.061 billion from \$19.164 billion, and that merely in order to pay the interest, every professional, every white-collar worker, every blue-collar worker, every peasant, and every worker in the informal economy will have to turn over half of his or her wages every month for the next 10 years. If the debt of \$32.061 billion is divided by the 4 million Peruvians who are employed, each Peruvian worker will have \$8,000 to pay, in addition to yearly interest payments of \$561; and inasmuch as the starvation wage under the Fujimora dynasty is less than \$100 (\$1,200 per year), the recipients will have to sacrifice almost half of that amount every month—and it will be extracted from them, like it or not, by increasing rates and fees or by reducing wages and public services much more severely.

Peruvians are already beginning to realize that behind the political, economic, and psychological wave that for 10 years has dominated the world in the name of monetarism, there is only one reality: more poverty and more injustice—and dictatorships that lie.

Peru: Population Growth of 415,000 Reported [EL COMERCIO 30 Jun]

96SM0425E Lima EL COMERCIO in Spanish
30 Jun 96 p 1

[Unattributed article: "Peru Currently Has a Population of 23.947 Million" — received via Peruvian Foreign Ministry's Internet site]

[FBIS Translated Text] As of today, 30 June 1996, Peru's population is projected to be 23.947 million—an increase of 415,000 since 30 June 1995, according to data provided yesterday by the National Institute of Statistics and Information Science (INEI).

INEI Director Felix Murillo Alfaro declared that this population projection will be made every year on 30 June, because that is the halfway point in the year.

Of the total population, 49.64 percent are male and 50.36 percent female. There are 11.888 million men and 12.59 million women—199,172 more men and 215,906 more women than one year ago.

The 15-to-65 year old age group—which is considered to be the economically active population—totals 14.4 million (60.13 percent of the total population), representing an increase of 345,776 in the past 12 months; while the over-65 age group totals 1,064,084 (4.45 percent of the total population), representing a 12-month increase of 393,741.

Peru: DESCO News Summary 19-25 Jun
96SM0425F (Internet) Peru DESCO Gopher
in Spanish 27 Jun 96 p 1

[From DESCO Resumen Semanal 26 Jun-2 Jul]

[FBIS Translated Excerpt] Ministers Alberto Pandolfi, Jorge Camet, and Jaime Yoshiyama comprise the ad hoc commission that will direct the reform of the public administration. The leadership of the commission will undoubtedly be exercised by Yoshiyama, who is a kind of super minister operating from the Ministry of the Presidency. The conflictive style of the government's performance, however, has led even the newspaper EXPRESO to voice its concerns. The editorial writer Manuel D'Ornellas has alluded to "the replay of the point of view of 5 April." At the present time, the creation of the commission charged with reforming the Judicial Branch has already led to resignations on the Academy of the Judiciary and to conflicts within the Office of Public Prosecutor of the Nation. Meanwhile, on the foreign scene, following the meeting of Peru and Ecuador in Buenos Aires, the U.S. representative Luigi Einaudi made it clear that his country is pressing for a definitive solution.

Andrade, Fujimori, and Martha Chavez

According to the survey conducted by Apoyo, Inc., among those who received the greatest measure of public support, Martha Chavez ranks third for her performance as president of the Congress. She achieved a 70 percent approval rating from those interviewed, while Lima Mayor Alberto Andrade Carmona and President Alberto Fujimori received ratings of 77 percent and 71 percent, respectively. (In EL SOL, 22 June 1996) [passage omitted]

With respect to Law 26623, which creates the Judicial Coordination Council, Fujimori pointed out that similar criticisms—of the concentration of power in a single person—had greeted the creation of the Executive Committee of the Judicial Branch, chaired by Jose Dellepiane, "which had administrative but not jurisdictional functions." Fujimori justified his action by asserting that "a judge is not necessarily a good manager" and denied that the former Navy man in charge of the reorganization of the judicial system "has complete power." "What is taking place," he declared, "is a judicial revolution that is beginning with the Constitution." He went on to explain that "there is a proposal for reform, and a desire to be the first country in Latin America to carry out a reform of the Judicial Branch."

Addressing the case of Ana Kanashiro, Fujimori denied that it involved the expression of differences within

government circles and said it was merely a matter for the Office of the Comptroller. He deplored the fact that she had sold her car and then leased it for use in connection with her service in Inabif (National Family Welfare Institute) and subsequently wanted to buy it back. He reiterated that there will be no special privileges for anyone, nor will he defend any of his staff who have not lived up to his expectations. "If any members of the cabinet do wrong," he said, "I will not defend them either." (In most of the newspapers, 24 June 1996)

"A Self-Destructive Naivete"

Mirko Lauer has commented on these statements by the president. "Instead of stepping forward to explain to the public how it happens that his close friends and associates are beginning to appear in scandals involving old-fashioned corruption," Lauer wrote, "Alberto Fujimori takes to the TV in an attempt to submerge us in numbers and administrative cliches that in no way explain why he administered a stab in the back to the Glass of Milk [Vaso de Leche] Program. His opinion to the effect that there was no reason to consult the mayor of Lima regarding the decision to fragmentate the program—because a reformer does not consult the reformed—is an example of satanic arrogance and therefore of a self-destructive naivete. This is someone for whom there are no limits on the use of his power. If anyone still had any doubts concerning the viciously partisan political character of the law that makes mincemeat of an exemplary program of social assistance, Fujimori finally dispelled them last Sunday night. The city of Lima, the municipality of Lima, and the mayor of Lima all appear too large in the eyes of the liquidator of regionalization. Is this the way he intends to restrain his political rivals during the years of even greater impoverishment? Perhaps the very idea of a political rival has not yet entered his head." (In LA REPUBLICA, 25 June 1996)

Several days previously (on 21 June 1996), the same columnist of LA REPUBLICA had made the following comment: "The ease with which Fujimori has placed himself above the scandals that are beginning to burst into bloom all around him is indeed surprising. His formula is to pose as an implacable moralizer—as if he did not know the accused persons—with the intention of automatically transforming them into beings who were alien to the Fujimorist administration of the state. However, those who in recent days have been investigated, denounced, or accused are in no way alien to that administration. These people were chosen very carefully, and for many years they have exercised their functions according to the rules of the Fujimorist management of the state, without any possibility that

they would be investigated by anyone, in their capacity as manifestations of the personal political power of Fujimori himself. It is obvious that a Fernando Olivera is needed, in order to obstinately help the moralizer Fujimori in the task of calling the permanent attention of the public to the operations of the clans who have been operating without any supervision or inspection at least since 1992. It is clear, however, that Fernando Olivera will not be Fernando Olivera." (In LA REPUBLICA, 21 June 1996) [passage omitted]

"Suspensions"

EXPRESO writes, on 23 June 1996: "The impetus that the government has given to the reform in the past two months is extraordinary. The law that creates the Judicial Coordination Council and extends the reorganization to the Office of the Public Prosecutor does not violate jurisdictional autonomy, but the manner in which it has been approved without prior debate—and the extent to which the jurisdictions of certain entities have been suspended until 1998 in favor of the Executive Committee of the Judicial Branch—is arousing suspicions among those who do not believe in the good faith or profundity of what is being done and do believe that the sole reason for everything is the intention to control the judiciary. On the other hand, the reform of the Executive Branch—as far-reaching as the reform of the Judicial Branch—is already failing. The problem is that—just as in the case of the judicial law—the government is acting as if these are commando operations that must take the people or the protagonists by surprise, when at bottom everyone knows that something is going wrong and what the people want is to participate in the debate. The government is losing the opportunity to capitalize on these changes and direct them politically, by explaining the advantages and the image of the new state, which should suffice to seduce the public. The consequence of this attitude may be a lack of support for the reforms, inasmuch as no one is participating in preparing them and therefore no one understands them or embraces them. That is a mistake, because reform is a social and cultural movement and not a mere administrative or technocratic action."

Peru: DESCO News Summary 26 Jun-2 Jul

96SM0425G (Internet) Peru DESCO Gopher
in Spanish 4 Jul 96 p 1

[From DESCO Resumen Semanal 26 Jun-2 Jul]

[FBIS Translated Excerpt] The offensive against the Municipality of Metropolitan Lima—that is to say, against Mayor Alberto Andrade—is continuing. We now have the intervention by SUNAT [National Tax Administration Superintendency] in the Municipal Toll

Administration Enterprise and the introduction of a bill in Congress to create the Municipality of the District of Lima. Meanwhile, a major controversy has arisen in judicial circles with respect to the reform that will be implemented by the Judicial Coordination Council. Moreover, the strong demand for Telephone Company stock was followed by the announcement that the stock offering will not be as large as the Peruvian buyers had thought. According to new figures from the BCR [Central Reserve Bank], however, the foreign debt has proved to be larger than anticipated. As for corruption, the trial involving the Family Welfare Institute is proceeding, but the investigative agencies are avoiding the problem that has arisen between two insurance companies and the Army.

Inflation in June Was 0.47 Percent

The Consumer Price Index (IPC) for Metropolitan Lima experienced an 0.47 percent increase during June, while the cumulative inflation index for the first half of the year came to 6.38 percent. INEI [National Institute of Statistics and Information Science] Director Felix Murillo estimated that the government's projection of a cumulative 10.9 percent inflation for the entire year could prove to be correct. (In most newspapers, 2 July 1996) [passage omitted]

Ombudsman Supported at the Forum

Speaking at the opening of the International Ombudsmanship Forum, President Alberto Fujimori guaranteed his complete support for Ombudsman Jorge Santistevan de Noriega together with full respect for the latter's autonomy. In this connection, the president said he hoped that the Ministry of Economy and Finance will honor Santistevan de Noriega's request for an increase in his budget, so that he can fully operate his office. "The internal war is concluding, and an ombudsman is needed to protect the rights of the individual citizen vis-a-vis the state, as is the practice in the most advanced democracies," the president emphasized. He said he agrees with the objectives expressed by the ombudsman, one of which is the protection of women.

The president also revealed that during the past 18 months the government freed some 150 persons who had been unjustly imprisoned for the alleged crime of terrorism. He said the program was headed by Father Hubert Lamsiers, with the collaboration of 10 or 12 lawyers and the National Intelligence Service (SIN). He went on to say that the government recognizes that the Judicial Branch, the National Police, and certain other state entities made mistakes and committed excesses in applying the Penitence Law, and added that an attempt is now under way to make the necessary amendments. "We

are working with the ombudsman and the Legislative Branch," the president said, "so that in the future we can find a procedure under which—while maintaining civilian security and respecting constitutional rights—these unjustly imprisoned persons can be freed more expeditiously. This would be accomplished by means of a law," he explained. He also reiterated that as a matter of principle, the government will not again request the extradition of the so-called "ambassadors of terror," who have been granted asylum in the United States and Europe. He added that if the countries who took them in want to expel them, they can take steps to do so. (In most of the newspapers, 2 July 1996) [passage omitted]

Peru: Columnist on McBride Report's Continuing Validity

96SM0425H Lima CARETAS in Spanish 4 Jul 96 p 1

[Commentary by Fernando Rospigliosi, from the "Controversies" column: "The Natural Borders" — received via Internet]

[FBIS Translated Text] On Wednesday 3 July the historian Ernesto Yopez del Castillo presented a book of extraordinary interest as it concerns relations with our neighbor to the north: "Myth and Reality of a Peru-Ecuador Border, 1942-1949." The subtitle is "The McBride Report. An Unpublished Department of State Text."

After being buried for a long time in the archives of the Department of State of the United States, whose documents are usually opened to the public 30 years after their original date, Yopez del Castillo found this report that had been virtually forgotten but is of enormous value because of the expertise of its author and the quality of its contents.

George McBride, a geographer with a doctorate in his specialty from Yale University, was head of the Geography Department of the University of Southern California—the present UCLA [as published]—at the time the State Department requested his services pursuant to a careful selection process.

McBride had lived for more than 15 years in Latin America and had published a number of first-rate texts concerning Chile, Bolivia, and Mexico. His work in Peru and Ecuador covered seven years, at the conclusion of which he prepared a report which he submitted to the then Secretary of State Dean Acheson.

In short, what McBride says—and what Yopez has salvaged with admirable patience and care—is the following:

1. The border between the two countries that was established by the Rio de Janeiro Protocol corresponds

"to what for a long time had been recognized as a 'traditional' border that followed a well-defined natural dividing line between the two nations."

Mc Bride made an in-depth analysis of the relevant history and geography and discovered that the borders established by the Rio Protocol were approximately the same as those that have always existed. The Ecuadoran coastal region is humid and heavily wooded, whereas the Peruvian coastal region is desert. McBride says the dividing line was drawn during the era of the struggle for independence, based on the border that had existed in the colonial era and even in the pre-Hispanic era.

Then there is the Cordillera of the Condor, which marks a natural border between the two countries. The fact is that in the east—on the Amazon plain—the Peruvians had always penetrated as far as the rivers were navigable. "This dividing line," McBride writes, "which was developed throughout several centuries, was the one that—generally speaking—became the new border in this Amazon region. It is this type of natural dividing line that forms the basis for good borders."

The Ecuadoran thesis—which holds that Peru seized 200,000 square km during the 1941 conflict—is rejected by McBride.

2. McBride concludes from the foregoing that the line drawn by the Rio Protocol "is the best border that could have been found. Any line that differs substantially from that line," he writes, "would have been much less satisfactory and probably would not have stood the test of time as an appropriate international border."

3. Anticipating the attempts to alter the line of demarcation drawn by the Protocol, Mc Bride reaches the following conclusion: "In the opinion of the writer of this report, any significant revision would result in a worse border, not a better one. Any other line would appear to violate the 'natural' dividing line. (...) Any attempt to effect a general revision of the border established by the Protocol would expand the continuing controversy to the limit without any hope of finding a dividing line that would provide a better solution to the problem than the present one. From this standpoint, the borders established by the Protocol should be regarded as final."

McBride backs up his assertions with an abundance of data, as for example the fact that no Ecuadoran settlements ever existed on the lands claimed by that country.

The slight change from the status quo that took place in 1936 favored Ecuador, which received less land but better land.

To sum up, the report that George McBride prepared after seven years of conscientious labor contains forceful arguments that demonstrate how any change in the Rio Protocol would not only not solve the problems but would make them worse—arguments that now appear to have been forgotten by the State Department and the foreign ministries of other guarantor nations.

Nevertheless, McBride's analysis continues to be valid today. Peru's foreign minister would do well to give it the publicity it deserves both in Peru and abroad, and also to give due recognition to the historian Yopez del Castillo, not only in words but also in the funding that will enable him—and others—to continue their research on related topics.

Uruguay

Uruguay: Minister Hails Suspension of Helms-Burton Law

PY1707010796 Madrid EFE in Spanish
2227 GMT 16 Jul 96

[FBIS Translated Text] Montevideo, 16 Jul (EFE) — Uruguayan Foreign Minister Alvaro Ramos termed the six-month deferment of the enforcement of the controversial Helms-Burton law a "positive signal."

Commenting on the decision made by U.S. President Bill Clinton, Ramos told EFE News Agency: "That is a positive signal."

From mid-1995, when the Helms-Burton law was only a bill, the Uruguayan Government has been voicing its opposition to this legislation — which hardens the embargo on trade with Cuba imposed by the United States 35 years ago — at different fora and through a communique.

On 12 July, the Sanguinetti administration issued a communique through the Uruguayan Foreign Ministry reiterating its rejection of the principle of "extraterritoriality" in the enforcement of laws, a principle which is incorporated into the bill submitted by Republican Congressmen Dan Burton and Jesse Helms.

The Uruguayan Foreign Ministry pointed out that this concept violates "general principles of international law and foreign trade regulations." It further recalled that this same view was "expressed and unanimously endorsed by Rio Group member countries at the 15th Ordinary Meeting of Rio Group Foreign Ministers held in Cochabamba (Bolivia) on 27-28 May 1996."

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